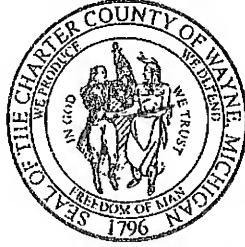


Wayne County Commission



Alisha R. Bell
Chair

Pamela Lane
Director

OFFICE OF POLICY RESEARCH & ANALYSIS

COMMITTEE MEMBERS

Raymond Basham (C)
Melissa Daub (VC)
Irma Clark-Coleman

Tim Killeen
Diane Webb

NOTICE OF MEETING

OF THE

COMMITTEE ON AUDIT

January 14, 2018

Wednesday, January 16, 2019 – 9:30 a.m.

Hearing Room 704, Guardian Building, 500 Griswold, Detroit, MI 48226

Commissioner Raymond Basham, Chairman of the Committee on Audit, has scheduled a meeting of the Committee on Wednesday, January 16, 2019 at 9:30 a.m. in Hearing Room 704, Guardian Building, 500 Griswold, Detroit, MI 48226 to consider the following:

- A. Roll Call
- B. Approval of the December 12, 2018 meeting minutes
- C. Unfinished Business
- 1. Communication dated December 10, 2018 (received December 10th) from Marcella Cora, Wayne County Legislative Auditor General, forwarding a copy of the Action Plan (CAP) and Auditor General's Assessment for the Wayne County Mileage Reimbursement Report; the report is dated December 6, 2018; it is advised that the report is subject to the review, discussion and recommendation to be received and filed by the Wayne County Commission. (2017-57-010)

Notes: This meeting is called in accordance with provisions of the "Open Meetings Act", Act No. 267, Public Acts of 1976.

The County of Wayne will provide necessary reasonable auxiliary aids and services, such as signers for the hearing impaired and audiotapes of printed materials being considered at the meeting, to individuals with disabilities at the Commission meeting upon five days notice to the Clerk of the Commission. Individuals with disabilities requiring auxiliary aids or services should contact.



D. New Business

1. Communication dated November 27, 2018 (received December 6th) requesting Commission approval of Modification No. 1 to a professional services contract between the Charter County of Wayne and Plante Moran, PLLC (of Southfield) not to exceed \$29,977 to add funding for unbudgeted time performing the County's 2017 audit; Modification No. 1 increases the total contract amount from \$3,137,247 to \$3,167,224; the term of the contract remains from August 10, 2017 through August 9, 2020; the cost of Modification No. 1 will be charged to Account No. 101 92501 815000 (Non Departmental). (2017-57-101M1)

Firm: Plante Moran, PLLC
Address: 1098 Woodward, Avenue, Detroit, MI 48226
Contact: None Listed

2. Communication dated January 11, 2019 (received January 14th) from Marcella Cora, Wayne County Legislative Auditor General, forwarding a copy of a letter from Plante & Moran, PLLC, the County's independent external auditor regarding its annual audit of the County's Fiscal Year ended September 30, 2018 financial statements and required communications; the letter is dated December 12, 2018; it is advised that the report is subject to the review, discussion and recommendation to be received and filed by the Wayne County Commission. (2019-57-900)
3. Communication dated January 11, 2019 (received January 14th) from Marcella Cora, Wayne County Legislative Auditor General, forwarding a copy of the 2018 Annual Report from the Wayne County Office of Legislative Auditor General (OAG); the report is dated January 11, 2019; it is advised that the report is subject to the review, discussion and recommendation to be received and filed by the Wayne County Commission. (2019-57-800)

- E. Such other matters as may be properly submitted before the Committee
- F. Public Comments
- G. Adjournment

Respectfully submitted,

Darcel Brown, Legislative Research Assistant (224-0848)

Note: In accordance with the provisions of Rule 3, "The Chairperson of a Committee, when requested in advance of any given meeting, may permit a person making such request to address the Committee on any matter on the Agenda. Such address shall not be longer than the time allotted by the Chairperson, subject to the approval of the Committee".

COMMITTEE ON AUDIT

January 16, 2019

B. Approval of the December 12, 2018 meeting minutes

**MINUTES
COMMITTEE ON AUDIT**

Wednesday, December 12, 2018 - 9:30 a.m.

A. Roll Call: 9:40 a.m.

Raymond Basham (C)	– Present
Al Haidous (VC)	– Present
Irma Clark-Coleman	– EDS (9:42)
Tim Killeen	– Present
Diane Webb	– EDS (9:42)

B. Killeen/Haidous **Approved.** The November 28, 2018 meeting minutes. Motion Carried.

C. Unfinished Business

D. New Business

1. Killeen/Webb **Passed For The Day.** Communication from Marcella Cora, Wayne County Legislative Auditor General, forwarding a copy of the Corrective Action Plan (CAP) and Auditor General's Assessment for the Wayne County Mileage Reimbursement Report. (2017-57-010). Motion Carried.

John Kellett, Supervisory Auditor, and Tequila Allen, Senior Auditor, provided details and recommendations regarding the report.

Mathieu Dube, Department of Management & Budget, and Shawny DeBerry, Department of Public Services, provided comments regarding the report.

E. Such other matters as may be presented before the Committee.

F. Public Comments

G. Adjournment Killeen/Haidous

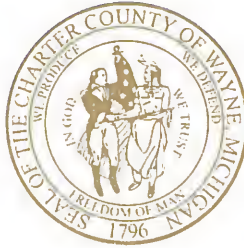
The meeting was adjourned at 10:29 a.m.

Respectfully submitted,

Darcel Brown
Legislative Research Assistant

Wayne County Commission

Gary Woronchak
Chairman



Pamela Lane
Director

OFFICE OF POLICY RESEARCH & ANALYSIS

COMMITTEE MEMBERS

Raymond Basham (C)
Al Haidous (VC)
Irma Clark-Coleman
Tim Killeen
Diane Webb

December 10, 2018

NOTICE OF MEETING

OF THE COMMITTEE ON AUDIT

Wednesday, December 12, 2018 – 9:30 a.m.
Hearing Room 704, Guardian Building, 500 Griswold, Detroit, MI 48226

Commissioner Raymond Basham, Chairman of the Committee on Audit, has scheduled a meeting of the Committee on Wednesday, December 12, 2018 at 9:30 a.m. in Hearing Room 704, Guardian Building, 500 Griswold, Detroit, MI 48226 to consider the following:

- A. Roll Call
- B. Approval of the November 28, 2018 meeting minutes
- C. Unfinished Business
- D. New Business
- 1. Communication dated December 10, 2018 (received December 10th) from Marcella Cora, Wayne County Legislative Auditor General, forwarding a copy of the Office of the Corrective Action Plan (CAP) and Auditor General's Assessment for the Wayne County Mileage Reimbursement Report; the report is dated December 6, 2018; it is advised that the report is subject to the review, discussion and recommendation to be received and filed by the Wayne County Commission. (2017-57-010)
- E. Such other matters as may be properly submitted before the Committee
- F. Public Comments
- G. Adjournment

Notes: This meeting is called in accordance with provisions of the "Open Meetings Act", Act No. 267, Public Acts of 1976.

The County of Wayne will provide necessary reasonable auxiliary aids and services, such as signers for the hearing impaired and audiotapes of printed materials being considered at the meeting, to individuals with disabilities at the Commission meeting upon five days notice to the Clerk of the Commission. Individuals with disabilities requiring auxiliary aids or services should contact:

500 GRISWOLD • SUITE 861 • DETROIT, MICHIGAN 48226 • TELEPHONE: (313) 224-0903 • FAX: (313) 224-7484



Respectfully submitted,

Darcel Brown, Legislative Research Assistant (224-0848)

Note: In accordance with the provisions of Rule 3, "The Chairperson of a Committee, when requested in advance of any given meeting, may permit a person making such request to address the Committee on any matter on the Agenda. Such address shall not be longer than the time allotted by the Chairperson, subject to the approval of the Committee".

COMMITTEE ON AUDIT

January 16, 2019

C.1.- Forwarding a copy of the Corrective Action Plan (CAP) and Auditor General's Assessment for the Wayne County Mileage Reimbursement Report

(2017-57-010)

Office of Legislative
Auditor General

MARCELLA CORA CPA, CIA, CICA, CGMA
AUDITOR GENERAL

500 GRISWOLD STREET
SUITE 842 GUARDIAN BUILDING
DETROIT, MICHIGAN 48226
TELEPHONE: (313) 224-8384

December 10, 2018

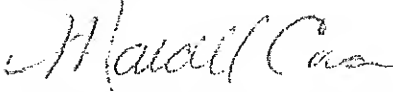
COMMITTEE ON AUDIT TRANSMITTAL LETTER

Wayne County Committee on Audit:

Enclosed is our final copy of the Corrective Action Plan (CAP) and Auditor General's Assessment for the Wayne County Mileage Reimbursement Report. The report is dated December 6, 2018, DAP No. 2017-57-010.

We are pleased to inform you that management and staff from the Office of the Prosecuting Attorney, the Department of Management & Budget, the Department of Public Services, as well as other county Departments, provided their full cooperation during the engagement. If you have any questions, concerns, or desire to discuss the CAP and summary in greater detail, we would be happy to do so at your convenience. This report is intended for your information and should not be used for any other purpose.

Sincerely,



Marcella Cora, CPA, CIA, CGMA, CICA
Auditor General

REPORT DISTRIBUTION

Department of Management & Budget
Mathieu Dube, Deputy Chief Financial Officer
Edwin D. Green, Department Manager I, Central Payroll
Suzanne Abouzenni, Director of Finance -- DPS

Department of Personnel/Human Resources
Joseph Martinico, Director, Labor Relations
Randy Enochs, Chief Labor Relations Analyst

Department of Public Services
Beverly Watts, Director
Shawny DeBerry, Department Executive 7

Office of the Prosecuting Attorney
Roselyn Gibson, Chief of Finance and Administration

Wayne County Commissioners

Office of Legislative
Auditor General

MARCELLA CORA CPA, CIA, CICA, CGMA
AUDITOR GENERAL

500 GRISWOLD STREET
OFFICE GUARDIAN BLDG
DETROIT, MICHIGAN 48226
TELEPHONE: (313) 224-2354

December 6, 2018

DAP No. 2017-57-010

Honorable Raymond E. Basham, Chairman
Audit Committee
Wayne County Commission
County of Wayne, Michigan
500 Griswold Ave., Suite 766
Detroit, MI 48226

Subject: Corrective Action Plan, including the Auditor General's Assessment, dated November 9, 2018 for the Wayne County Mileage Reimbursements, Performance Audit.

Dear Chair Basham:

In accordance with Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States as it relates to a performance audit engagement, the Office of Legislative Auditor General (OAG) requested the Office of the Prosecuting Attorney and the Wayne County Departments of Management & Budget and Public Services to submit a Corrective Action Plan (CAP) for recommendations identified in the County Mileage Reimbursements Performance Audit engagement dated October 14, 2016.

Prosecuting Attorney's Office officials, as well as officials from the Department of Management & Budget, and Department of Public Services provided the CAP as requested. Attached is a Summary and Assessment of the CAP prepared by the OAG that contained twenty (20) recommendations. The summary schedule includes: the recommendations; management's comments on the findings and recommendations; management's action taken or planned; whether management has or intends to implement the recommendations; responsible person(s)/area; implementation or targeted implementation date; and, the Auditor General's assessment.

Honorable Raymond Basham
DAP No. 2017-57-010
December 6, 2018
Page 2 of 2

Our assessment of the twenty (20) recommendations found that management has taken sufficient action to address fourteen (14) recommendations identified in the report; five (5) are considered in-process; and, one (1) is considered not implemented. Therefore, a follow-up review is deemed necessary.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Marcella Cora".

Marcella Cora, CPA, CIA, CICA, CGMA
Auditor General

Attachment

**Department of Management & Budget
County Mileage Reimbursements
Performance Engagement**

**Summary and Assessment of
CORRECTIVE ACTION PLAN**

Auditor General's Recommendation	Management's Comments on Findings and Recommendations	Management's Action Taken or Planned	Management has or Intends to Implement the Recommendation Yes/No	Responsible Person(s)/ Area	Implementation or Targeted Implementation Date	Auditor General's Assessment
<p>15-01</p> <p>We recommend the Department of Management & Budget (M&B) perform the following:</p> <p>(a) Revise the county's Mileage Reimbursement policy and procedures to ensure a periodic verification process is conducted to validate the mileage reported and odometer readings are reasonable on all Mileage Reimbursement Forms.</p>	<p>Agreed</p>	<p>Through the work of a County wide labor and management workgroup M&B issued a separate mileage reimbursement policy in January 2017 and a revised policy in September 2017.</p>	<p>Yes</p>	<p>Office of the Chief Financial Officer</p>	<p>Implemented</p>	<p>The OAG obtained a copy of the Updated Mileage Reimbursement Policy (Policy No. 10029) effective September 1, 2017. The OAG confirmed that the new Mileage Reimbursement policy addresses concerns regarding periodic verification of reported mileage and questionable odometer readings in Section 3.1 and Section 3.2.</p> <p>Based on our review of the action taken, it appears management has taken sufficient action to address the recommendation.</p>
<p>(b) Revise the county's Mileage Reimbursement Form to insert a "Reviewer Comment" section for documenting explanations on any noted discrepancies or questionable mileage readings.</p>	<p>Agreed</p>	<p>Through the work of a County wide labor and management workgroup M&B issued a separate mileage reimbursement policy in January 2017 and a revised policy in September 2017.</p>	<p>Yes</p>	<p>Office of the Chief Financial Officer</p>	<p>Implemented</p>	<p>The OAG obtained a copy of the updated Mileage Reimbursement Form (MRP) and noted that the new form does include a Reviewer/Approver Comment section.</p> <p>Based on our review of the action taken, it appears management has taken sufficient action to address the recommendation.</p>

**Department of Management & Budget
County Mileage Reimbursement
Performance Engagement**

**Summary and Assessment of
CORRECTIVE ACTION PLAN**

Auditor General's Recommendation	Management's Comments on Findings and Recommendations	Management's Action Taken or Planned	Management has or Intends to Implement the Recommendation Yes/No	Responsible Person(s)/ Area	Implementation or Targeted Implementation Date	Auditor General's Assessment
15-02 We recommend the Department of Public Services (DPS) management: (a) Establish procedures to ensure all mileage reimbursement forms are completed accurately including point-to-point mileage as required by the county's policy.	Agreed	DPS concurs with the general recommendations that were offered by the OAG's office for Wayne County as a whole, noting some exceptions as cited in the October 14, 2016 OAG report that should be considered and remains in effect.	Yes	Supervisors/ Managers	In-Process	The OAG has reviewed DPS' mileage reimbursement procedures and determined the policy includes language dictating the procedure for the inclusion of verifying forms are completed accurately including point-to-point mileage as required by the county's policy. However, based on our review of the mileage forms provided by DPS management, we noted several exceptions where no point-to-point mileage was provided and home-to-work mileage was not being properly deducted per the CBA. Management has partially addressed the recommendation. If DPS ensures on a go forward basis that all mileage reimbursement forms are completed accurately according to the established procedures, the action would address the recommendation. However, a follow-up review may be necessary in the near future.

Department of Management & Budget
County Mileage Reimbursements
Performance Engagement

Summary and Assessment of
CORRECTIVE ACTION PLAN

Auditor General's Recommendation	Management's Comments on Findings and Recommendations	Management's Action Taken or Planned	Management has or Intends to Implement the Recommendation Yes/No	Responsible Person(s)/ Area	Implementation or Targeted Implementation Date	Auditor General's Assessment
<p>We also recommend the Department of Management & Budget:</p> <p>(b) Consider revising the Mileage Reimbursement Form used by the DPS and other county departments to ensure a work location as well as point-to-point mileage, including starting and ending points, can be identified in order to assist the reviewer with the verification process.</p>	<p>Agreed</p>	<p>Through the work of a County wide labor and management workgroup M&B issued two mileage reimbursement forms (one for frequent mileage reimbursement requesters and one for infrequent mileage reimbursement requesters).</p>	<p>Yes</p>	<p>Office of the Chief Financial Officer</p>	<p>In-Process</p>	<p>The OAG reviewed Wayne County's Mileage Reimbursement Form 2 for frequent users and determined the MRF does not adequately address the recommendation. Based on the mileage forms reviewed, the OAG could not determine the point-to-point mileage on the Frequent Users Mileage Form. The OAG notes that the MRF does not specifically require employees to enter a From Location and a To Location for each trip under Box 20 - Description of County Business or Support. In addition, there are no instructions for Box 20.</p> <p>The OAG compared the mileage reimbursement form for frequent users to that of infrequent users, and noted the only difference between the two (2) forms is Box 20. The MRF for infrequent users requires the employee to record the starting location in the first box and the ending location in the second box.</p> <p>Management has partially addressed the recommendation. If M&B revises the MRF for frequent users to mirror the MRF</p>

**Department of Management & Budget
County Mileage Reimbursements
Performance Engagement**

**Summary and Assessment of
CORRECTIVE ACTION PLAN**

Auditor General's Recommendation	Management's Comments on Findings and Recommendations	Management's Action Taken or Planned	Management has or Intends to Implement the Recommendation Yes/No	Responsible Person(s)/ Area	Implementation or Targeted Implementation Date	Auditor General's Assessment
						for infrequent users, or decides to use one standardized MRF for both frequent and infrequent users, the action would address the recommendation. However, a follow-up review may be necessary in the near future.
(c) We recommend M&B consider revising the Mileage Reimbursement Policy to address repeated submission of inaccurate or unreasonable mileage reimbursement forms.	Agreed	Through the work of a County wide labor and management workgroup M&B issued a separate mileage reimbursement policy in January 2017 and a revised policy in September 2017.	Yes	Office of the Chief Financial Officer	Implemented	<p>The OAG has reviewed the updated Mileage Reimbursement Policy and notes that the authorizing manager/official is responsible for determining whether the mileage reimbursement form is reasonable as stated in Section 3.2 of the policy. In addition, the updated policy requires employees to attach documentation verifying the reasonableness of point-to-point mileage. Therefore, the updated Mileage Reimbursement Policy adequately addresses repeat submission of inaccurate or unreasonable mileage reimbursement forms.</p> <p>Based on our review of the action taken, it appears management has taken sufficient action to address the recommendation.</p>

Department of Management & Budget
County Mileage Reimbursements
Performance Engagement

Summary and Assessment of
CORRECTIVE ACTION PLAN

Auditor General's Recommendation	Management's Comments on Findings and Recommendations	Management's Action Taken or Planned	Management has or Intends to Implement the Recommendation Yes/No	Responsible Person(s)/ Area	Implementation or Targeted Implementation Date	Auditor General's Assessment
15-03 We recommend the Department of Management & Budget implement training and provide guidance related to processing Mileage Reimbursement Forms (MRF) in accordance with the county's policy in an effort to ensure the MRFs are maintained in accordance with their record retention policy to support the reimbursement payment.	Agreed	M&B issued training in January 2017.	Yes	Management & Budget	Implemented	The OAG has reviewed the updated Mileage Reimbursement Policy which requires all employees who are authorized to use a personal vehicle while conducting county business must undergo Mileage Reimbursement Policy Compliance Training. The updated policy has a link to the training material which is contained in a PowerPoint presentation that is available through the County's electronic "eLearning" program. Based on our review of the action taken, it appears management has taken sufficient action to address the recommendation.
15-04 We recommend the Department of Public Service management review monthly pooled vehicle logs and compare to Mileage Reimbursement Forms to ensure employees are not reimbursed for mileage while using a county pooled	Agreed	DPS concurs with the general recommendations that were offered by the OAG's office for Wayne County as a whole, noting some exceptions as cited in the October 14, 2016 OAG report that should be considered and remains in effect.	Yes	Supervisors/ Managers	In-Process	The OAG obtained and reviewed monthly pooled vehicle logs and compared these to the mileage reimbursement forms and noted some exceptions. As acknowledged by DPS management, an employee was identified as receiving both mileage reimbursement and using a pooled vehicle over a 2 month period. These exceptions were not identified by the approving supervisor on any of the forms

**Department of Management & Budget
County Mileage Reimbursements
Performance Engagement**

**Summary and Assessment of
CORRECTIVE ACTION PLAN**

Auditor General's Recommendation	Management's Comments on Findings and Recommendations	Management's Action Taken or Planned	Management has or Intends to Implement the Recommendation Yes/No	Responsible Person(s)/ Area	Implementation or Targeted Implementation Date	Auditor General's Assessment
vehicle.						indicating that the employee had submitted mileage reimbursement while appearing to use a county pooled vehicle on the same days. Although management provided an explanation for the overlap, there was no documentation on either form that supported this. Management has partially addressed the recommendation. Going forward, DPS will need to conduct the review of the pooled vehicle logs and compare the logs to employees' MRIs on a monthly basis to alleviate the exceptions occurring over several months. A follow-up review may be necessary in the near future.
15-05 We recommend that: (a) The Department of Management & Budget take immediate corrective measures to ensure the AAA rates currently within the PeopleSoft system are accurate given the fact mileage	Agreed	Rates have been updated each year.	Yes	M&B Payroll	Implemented	The OAG obtained a copy of the IRS Standard Mileage Rates published for the years 2017 and 2018 and compared these to the mileage reimbursement payroll reports for the same time period. The OAG confirmed that the Standard Mileage Rates had been put in place and was correctly applied to mileage reimbursement requests within the county's

**Department of Management & Budget
County Mileage Reimbursements
Performance Engagement**

**Summary and Assessment of
CORRECTIVE ACTION PLAN**

Auditor General's Recommendation	Management's Comments on Findings and Recommendations	Management's Action Taken or Planned	Management has or Intends to Implement the Recommendation Yes/No	Responsible Person(s)/ Area	Implementation or Targeted Implementation Date	Auditor General's Assessment
reimbursement requests are presently being submitted for each pay period.						payroll system. Based on our review of the action taken, it appears management has taken sufficient action to address the recommendation.
(b) The Department of Management & Budget, in conjunction with the Department of Personnel/Human Resources, develop policies and procedures to ensure the input of the correct mileage reimbursement rates are performed and verified for accuracy annually with the IRS and AAA published rates.	Agreed	Team Lead for M&B Payroll was instructed to add rate verification to the payroll calendar.	Yes	DM5 M&B Payroll	Implemented	The OAG obtained and reviewed the form Process Steps for Mileage Reimbursement Rates that was provided by M&B. The newly created calendar includes steps to complete the rate inputs along with deadlines and responsible parties. Based on our review of the action taken, it appears management has taken sufficient action to address the recommendation.
15-06 We recommend management within the Department of Management & Budget take immediate corrective action measures to ensure the tier rates	Agreed	Rates were updated soon after the report from the OAG draft was first issued. It took about two months to figure out the applicable rates and how to update PeopleSoft.	Yes	Deputy Chief Financial Officer	Implemented	The OAG obtained a copy of the Tier Rates that were agreed upon for the current CBA contracts. The OAG confirmed that the Tier Rates had been put in place and were correctly applied to mileage reimbursement requests within the county's payroll system.

**Department of Management & Budget
County Mileage Reimbursements
Performance Engagement**

**Summary and Assessment of
CORRECTIVE ACTION PLAN**

Auditor General's Recommendation	Management's Comments on Findings and Recommendations	Management's Action Taken or Planned	Management has or Intends to Implement the Recommendation Yes/No	Responsible Person(s)/ Area	Implementation or Targeted Implementation Date	Auditor General's Assessment
<p>currently within the county's payroll system are accurate in order to ensure mileage reimbursements are calculated based on the tier structure as authorized in the CBAs.</p>						Based on our review of the action taken, it appears management has taken sufficient action to address the recommendation.
<p>15-07 We recommend the Prosecuting Attorney's Office (PAO) management establish procedures to ensure all Mileage Reimbursement Forms are completed accurately (i.e., deducting commuting miles) as required by the respective CBA and reviewed and approved prior to payment.</p>	<p>Agreed</p>	<p>Management has always had procedures for processing mileage reimbursement. We followed the County Mileage Policy. However, we have reduced our procedures to writing as a supplement to the new County issued policy.</p>	<p>Yes</p>	<p>Supervisors/ Managers</p>	<p>Not Implemented</p>	<p>The OAG has reviewed the PAO's mileage reimbursement procedures and determined the policy does not address deducting commuting miles as required by the respective CBA(s). In addition, we identified MRFs with no commuting miles deducted, questionable odometer readings, miscalculated county miles, and other various undetected errors.</p> <p>Therefore, it appears management has not taken sufficient action to address the policy revision portion of the recommendation.</p>
<p>15-08 We recommend DPS management establish procedures to ensure all</p>	<p>Agreed</p>	<p>DPS concurs with the general recommendations that were offered by the OAG's office for Wayne County as a whole, noting some exceptions as</p>	<p>Yes</p>	<p>Supervisors/ Managers</p>	<p>In-Process</p>	<p>The OAG has reviewed DPS' mileage reimbursement procedures and determined the policy includes language dictating the procedure</p>

**Department of Management & Budget
County Mileage Reimbursements
Performance Engagement**

**Summary and Assessment of
CORRECTIVE ACTION PLAN**

Auditor General's Recommendation	Management's Comments on Findings and Recommendations	Management's Action Taken or Planned	Management has or intends to Implement the Recommendation Yes/No	Responsible Person(s)/ Area	Implementation or Targeted Implementation Date	Auditor General's Assessment
Mileage Reimbursement Forms are completed accurately (i.e., deducting commuting miles) as required by the respective CBA and reviewed and approved prior to payment.		cited in the October 14, 2016 OAG report that should be considered and remains in effect.				for the deduction of commuting miles as required by the respective CBA(s). However, we were unable to determine if the policy was followed due to the fact DPS has started to use pooled vehicles for the field engineers. Based on a limited review of the action taken, it appears management has taken sufficient action to address the policy revision portion of the recommendation. A follow-up review will be necessary at a later time to determine whether adherence to the implemented corrective action has occurred and adequately addresses the recommendation.
15-09 We recommend: (a) The Department of Management & Budget revise the Mileage Reimbursement Policy and implement procedures to obtain from their employees within county business units seeking	Agreed	Through the work of a County wide labor and management workgroup M&B issued a separate mileage reimbursement policy in January 2017 and a revised policy in September 2017.	Yes	Office of the Chief Financial Officer	Implemented	The OAG has reviewed the revised mileage reimbursement policy and has determined the recommended policy revisions have been adequately incorporated by Management and Budget (M&B). The revised mileage reimbursement policy includes language dictating a county employee required to use a personal vehicle for county business is required to maintain and show proof of a valid driver's

**Department of Management & Budget
County Mileage Reimbursements
Performance Engagement**

**Summary and Assessment of
CORRECTIVE ACTION PLAN**

Auditor General's Recommendation	Management's Comments on Findings and Recommendations	Management's Action Taken or Planned	Management has or Intends to Implement the Recommendation Yes/No	Responsible Person(s)/ Area	Implementation or Targeted Implementation Date	Auditor General's Assessment
mileage reimbursement for the business use of their personal vehicles to provide proof of automobile liability insurance on an annual basis.						license and vehicle insurance. Based on a limited review of the action taken, it appears management has taken sufficient action to address the recommendation.
(b) The revised policy should be disseminated to the offices of elected officials and department heads upon completion to mitigate risk exposure.	Agreed	ECommunications were sent out in January 2017 and August 2017.	Yes	M&B and CEO Communications	Implemented	The OAG confirmed that M&B sent eCommunications throughout the county in January 2017 and August 2017 with the respective Mileage Reimbursement Policies attached. The eCommunications highlighted key changes to the mileage reimbursement policy and the required training. Based on our review of the action taken, it appears management has taken sufficient action to address the recommendation.
(c) The Department of Personnel/Human Resources - Labor Relations ensure all future CBAs require proof of automobile liability insurance.	Agreed	This is still in process. Extensions on two (2) contracts were just made this past spring, and negotiations on contracts expiring in the future have not yet begun.	Yes	Director, Labor Relations	Implemented	Based on discussions with the Department of Personnel/Human Resources-Labor Relations, the county has a policy (Mileage Reimbursement Policy No. 10029), applicable to all County employees that requires proof of automobile liability insurance. It is the position of Labor Relations that the terms of this policy are

**Department of Management & Budget
County Mileage Reimbursements
Performance Engagement**

**Summary and Assessment of
CORRECTIVE ACTION PLAN**

Auditor General's Recommendation	Management's Comments on Findings and Recommendations	Management's Action Taken or Planned	Management has or Intends to Implement the Recommendation Yes/No	Responsible Person(s)/ Area	Implementation or Targeted Implementation Date	Auditor General's Assessment
						<p>applicable to all bargaining unit/represented employees. To the extent that the policy is not in conflict with provisions of any CBA, the policy would be applicable.</p> <p>Based on our review of the various CBAs and confirmation from a representative from Labor Relations, the policy is not in conflict with any of the CBA provisions. Therefore, proof of automobile insurance is required of all employees receiving mileage reimbursement.</p> <p>Based on our limited review of the action taken, it appears management has taken sufficient action to address the recommendation.</p>
(d) We recommend the Department of Management & Budget revise the county's Mileage Reimbursement Form to require employees to attest on the form they have current automobile liability insurance and	Agreed	Through the work of a County wide labor and management workgroup M&B issued two mileage reimbursement forms (one for frequent mileage reimbursement requesters and one for infrequent mileage reimbursement requesters).	Yes	Office of the Chief Financial Officer	Implemented	<p>The OAG has reviewed the updated Mileage Reimbursement Form and determined that it has been revised to include language prompting the user to attest to the possession of valid automobile liability insurance and a valid driver's license.</p> <p>Based on our review of the action taken, it appears management has taken sufficient action to address</p>

**Department of Management & Budget
County Mileage Reimbursements
Performance Engagement**

**Summary and Assessment of
CORRECTIVE ACTION PLAN**

Auditor General's Recommendation	Management's Comments on Findings and Recommendations	Management's Action Taken or Planned	Management has or Intends to Implement the Recommendation Yes/No	Responsible Person(s)/ Area	Implementation or Targeted Implementation Date	Auditor General's Assessment
						the recommendation.
15-10 We recommend the Department & Management & Budget provide immediate guidance and training to county management as it relates to processing mileage reimbursement requests in order to comply with Collective Bargaining Agreements and the county's policy.	Agreed	Instructions on reviewing and processing mileage reimbursement forms are added to the form and training also includes management responsibility.	Yes	Office of the Chief Financial Officer	Implemented	The OAG has reviewed the Mileage Reimbursement Policy Compliance Training issued in January 2017 and determined that it provides sufficient instructions to county management for the processing and approval of mileage reimbursement requests in accordance to CBAs and the county's policy. The training provides guidance on driver's license and vehicle insurance requirements, reporting requirements, payment procedures and management's responsibilities. In addition, the training material provides step-by-step instructions on completing each section of the mileage reimbursement form, along with narrative examples. Based on our review of the action taken, it appears management has taken sufficient action to address the recommendation.

Department of Management & Budget
County Mileage Reimbursements
Performance Engagement

Summary and Assessment of
CORRECTIVE ACTION PLAN

Auditor General's Recommendation	Management's Comments on Findings and Recommendations	Management's Action Taken or Planned	Management has or Intends to Implement the Recommendation Yes/No	Responsible Person(s)/ Area	Implementation or Targeted Implementation Date	Auditor General's Assessment
<p>15-11 In order to provide improved oversight and reduce costs to the county, we recommend Management within the Department of Management and Budget perform the following:</p> <p>(a) Immediately establish policy to ensure a formal review process of employees' mileage reimbursement reports are conducted on a periodic basis within county business units.</p>	Agreed	Through the work of a County wide labor and management workgroup M&B issued a separate mileage reimbursement policy in January 2017 and a revised policy in September 2017.	Yes	Office of the Chief Financial Officer	Implemented	<p>The OAG has reviewed the updated Mileage Reimbursement Policy with the effective date of September 1, 2017 and determined that Section 3.2 establishes a formal review process for authorized managers and officials. Section 3.2 requires management to verify the reasonableness of reported mileage in compliance with the Mileage Reimbursement Policy, including the submission of supporting documentation, prior to approving mileage reimbursement request.</p> <p>Based on our review of the action taken, it appears management has taken sufficient action to address the recommendation.</p>

**Department of Management & Budget
County Mileage Reimbursements
Performance Engagement**

**Summary and Assessment of
CORRECTIVE ACTION PLAN**

Auditor General's Recommendation	Management's Comments on Findings and Recommendations	Management's Action Taken or Planned	Management has or Intends to Implement the Recommendation Yes/No	Responsible Person(s)/ Area	Implementation or Targeted Implementation Date	Auditor General's Assessment
<p>(b) Periodically provide a report to departmental management to: (1) substantiate the accuracy of miles reported by county employees that are receiving significant mileage reimbursements on an annual basis; and, (2) Consider providing employees who annually incur substantial mileage for county related business with a flat-rate allowance in an effort to reduce cost within county business units.</p>	<p>Agreed</p>	<p>A report of mileage by reimbursee and B/U is being developed for reporting for fiscal year 2018.</p>	<p>Yes</p>	<p>M&B Financial Reporting and M&B Payroll</p>	<p>In-Process</p>	<p>(1) M&B officials indicated that a detailed report is being developed and will be in place November 2018.</p> <p>Management has partially addressed the recommendation. If this report is completed and provided to departmental management, the action appears to address the recommendation.</p> <p>(2) Based on discussions with Labor Relations, they are exploring the possibility of including a flat rate mileage option in the CBAs. If Labor Relations is successful, it would provide management with an option to provide flat rate mileage in lieu of mileage allowance for those incurring substantial mileage reimbursement.</p> <p>However, a follow-up review may be necessary in the near future to determine if management has addressed the recommendation.</p>

**Department of Management & Budget
County Mileage Reimbursements
Performance Engagement**

**Summary and Assessment of
CORRECTIVE ACTION PLAN**

Auditor General's Recommendation	Management's Comments on Findings and Recommendations	Management's Action Taken or Planned	Management has or Intends to Implement the Recommendation Yes/No	Responsible Person(s)/ Area	Implementation or Targeted Implementation Date	Auditor General's Assessment
<p>15-12 We recommend management within the Department of Management and Budget, in conjunction with the Prosecuting Attorney's office formalize an assessment of employees incurring excessive mileage on an annual basis; and for those employees identified, immediately consider assigning the use of available county pooled vehicles in lieu of mileage reimbursement to realize departmental cost-savings.</p>	<p>Agreed</p>	<p>M&B and the WCPO had a number of meetings about the use of vehicles other than requiring employee reimbursements. At the time was decided that it was not economically and operationally prudent.</p> <p>We (the WCPO) participated in a countywide mileage committee that accessed other alternative options that could be used in lieu of personal vehicles of high mileage staff. These options were deemed cost prohibitive; a violation of restrictions placed on Act 51 or other grant funds and/or required changes in CBA language.</p>	<p>Yes</p>	<p>Office of the Chief Financial Officer, M&B Budget and WCPO</p>	<p>Implemented</p>	<p>Based on our discussions with the Wayne County Prosecutors Office (WCPO) and M&B, an assessment of assigning county pooled vehicles to employees incurring excessive mileage took place in January 2017. M&B and the WCPO determined that pooled vehicles for WCPO employees with excessively high annual mileage was not a cost efficient alternative.</p> <p>Based on a limited review of the action taken, management appears to have taken sufficient action to address the recommendation.</p>

COMMITTEE ON AUDIT

January 16, 2019

D.1.- Plante Moran, PLLC

(2017-57-101M1)

*Wayne County Commission
Office of Research and Analysis*

**Chairwoman
Alisha Bell**



**Referral Analysis
(1/11/2019)**

**MODIFICATION NO. 1 TO A PROFESSIONAL SERVICES CONTRACT WITH PLANTE MORAN, PLLC TO ADD FUNDING FOR UNBUDGETED TIME PERFORMING THE COUNTY'S 2017 AUDIT
(2017-57-101M1)**

I. Content

The Office of the Legislator Auditor General is requesting Commission approval of Modification No. 1 to a professional services contract with Plante Moran, PLLC (of Southfield).

II. Purpose

The purpose of Modification No. 1 is to add funding for unbudgeted time performing the County's 2017 audit.

III. Cost

The total cost of Modification No. 1 is not to exceed \$29,977.

Modification No. 1 increases the total contract amount from \$3,137,247 to \$3,167,224.

IV. Term

The term of the contract remains from August 10, 2017 through August 9, 2020.

V. Scope

1. Financial Statement Audit:

- a. Audit and express an opinion on County-wide financial statements, governmental activities, business type activities, aggregate component units, all major funds (including aggregate funds) and respective changes in financial position and cash flows.
- b. Issue a letter on matters involving the internal controls and other operational matters noted as a result of their audit.
- c. Communicate findings and recommendations to the Legislative Auditor General and Management & Budget 15 days prior to the issuance of an individual report for each year.
- d. Provide an "in-relation-to" opinion on the supporting schedules.

- i. This means an opinion on whether or not supplementary financial information is reasonably stated in relation to audited financial statements.
- e. Done in compliance with generally accepted government auditing standards (GAGAS) and generally accepted accounting principles (GAAP).

2. Standalones:

- a. Audit and express an opinion on separate financial statements for the following component units:
 - i. Wayne County Building Authority
 - ii. Sewage Disposal Systems
 - iii. Wayne County Land Bank
 - iv. Greater Wayne County Economic Development Corporation
 - v. Detroit/Wayne County Stadium Authority
- b. Issue reports on compliance and on internal controls.
- c. Done in compliance with GAAP.

3. Federal Awards Audit:

- a. Audit the schedule of expenditures of federal awards, and issue the corresponding reports on compliance and on internal controls.
 - i. Produce a separate report for each of the three fiscal years.
 - ii. Done in compliance with the Single Audit Act and its Uniform Guidance.
 - 1. This act and its guidance are meant to simplify and increase the effectiveness of auditing federal awards expended by non-federal organizations, and diminish audit work.
 - iii. Done in compliance with GAGAS.

4. Act 51 Funds:

- a. Conduct a performance audit to determine whether State of Michigan funds received by the County were expended in compliance with Act 51 (State law for the State Trunk Line Highway System).
 - i. Produce a report containing:
 - 1. Objectives, Scope, and Methodology
 - 2. Audit Results
 - a. Internal Control/Compliance Findings
 - b. Conclusions
 - c. Recommendations
 - 3. Summary of Responsible Officials
 - 4. Reason(s) for Omitted Confidential Information
 - ii. Done in compliance with GAGAS.

5. Information Technology Review

- a. Review information technology general controls, information security programs and risk assessments.
 - i. Review includes networks and key financial applications of:
 1. Access rights administration, which are the rights granted to an administrator over an information technology network.
 2. User authentication, which refers to user IDs and passwords used to verify who is logging into an information technology network.
 - ii. Produce a report on the review of the County's information technology.

6. Other Requirements:

- a. Every contract year, provide one-day training on accounting and auditing updates within the County for the Legislative Auditor General and other County staff designated by the Legislative Auditor General and the County's Chief Financial Officer.
- b. Retain and make available upon request all of the accumulated audit papers and reports for a minimum of 7 years.
- c. Each year of the contract, issue an engagement letter to both the Legislative Auditor General and the County's Chief Financial Officer.
- d. Attend monthly progress meetings with the Legislative Auditor General and other County officials.

VI. Why Modification No. 1 is Before the Commission

Modification No. 1 is before the Commission because the Auditor General shall engage by contract an independent external auditor with the approval of a majority of the Commissioners serving, in accordance with the County Charter Section 3.119(e)

Also, Modification No. 1 is before the Commission per Procurement Ordinance Sections 120-37(a)(2), 120-121(a) and 120-125(a)(2). Regardless of fiscal year, the cumulative amount of contracts and modifications with this vendor for these professional services is over \$50,000. Therefore, Commission approval is required.

VII. Documents

Timeline

Document	Date	Signature
Modification No. 1 Signed by Vendor	11/26/18	
Letter from Department to Commission Chair	11/27/18	Marcella Cora, Legislative Auditor General
Packet Received by Commission	12/6/18	Office of Policy Research & Analysis
Number of days it took Modification No. 1 to reach the Commission after Letter to Commission Chair	10 Days	

Packet

Document	Yes	No	Not Applicable
Copy of Modification No. 1?	X		

VIII. Background

A search of the Commission's resolution index, from 2014-19, produced 2 records of contracts with Plante Moran, PLLC. Pending Modification No. 1, the Commission will have approved \$3,240,224 in expenditures over this span.

IX. Search of Records

Summary of Contracts with Plante Moran, PLLC

Res. No.	Description	Amount	Term
Pending	To add funding for unbudgeted time performing the County's 2017 audit (2017-57-101M1)	\$29,977	8/10/17 - 8/9/20
2017-517	To perform independent external audit services for the fiscal years ending September 30, 2017, 2018 and 2019 (2017-57-101)	\$3,137,247	8/10/17 - 8/9/20
2017-366	To provide strategic assessment and planning services for the Office of the Wayne County Treasurer (2017-75-033)	\$73,000	6/19/17 - 6/18/18
Total		\$3,240,224	

X. Previous Vote

The underlying contract with Plante Moran, PLLC was reviewed by the Committee on Audit and approved with Commission Resolution No. 2017-517 on August 10, 2017. The vote on this item was as follows:

Yea -- Commissioners Anderson, Barone, Basham, Clark-Coleman, Haidous, Killeen, Leland, Marecki, Scott, Varga, Vice-Chair Pro Tempore Ware, Vice-Chair Bell, Chairman Woronchak -- 13

Excused -- Commissioners Palamara, Webb -- 2

XI. Preliminary Concerns

None.

Prepared By: Chris Albrecht, Legislative Research Analyst

This analysis was prepared by Commission staff for use by Commission members in their deliberations and does not constitute an official statement of legislative intent.

*Note: Unless stated otherwise, quotes are sourced from the actual contract package document(s).

P: 2017-57-101M1-ANA-R



Office of Fiscal Agency

FISCAL ASSESSMENT

FISCAL SUMMARY

This resolution would approve a contract modification (2nd contract overall) between the County of Wayne and Plante & Moran, PLLC (Detroit, MI) in the amount not to exceed \$29,997. ***The term of this contract will remain the same, which is from August 10, 2017 to August 9, 2020.***

- This contract is for Plant & Moran to serve as the County's independent external auditor to perform external audit services for fiscal years ending September 30, 2017, 2018 and 2019.
- The State of Michigan statutes and rules and the County's Charter and ordinances require the County to have an annual independent external audit performed on its financial books and records.
- The contract provides for a subcontractor, Alan C. Young & Associates, PLLC (Detroit, MI), to participate in audit procedures. They will receive 15% of the total contract.
- This contract is \$204,953 less than the previous contractor's initial contract amount of \$3,342,200.

This contract will increase the total contract amount by 1% and bring the total awarded amount to \$3,167,244

- The Commission approved the original contract, under Resolution# 2017-517, on August 10, 2017 in the amount of \$3,137,247. ***The term of this contract will remain the same, which is from August 10, 2017 to August 9, 2020.***



Office of Fiscal Agency

FISCAL ANALYSIS

- The costs associated with this contract are as follows:

BUDGET			
Original Contract			
Year 1	Year 2	Year 3	TOTAL
\$ 997,047	\$ 1,059,730	\$ 1,080,470	\$ 3,137,247
Proposed Modification# 1 Contract			
Year 1	Year 2	Year 3	TOTAL
\$ 1,052,024	\$ 1,047,230	\$ 1,067,970	\$ 3,167,224

For FY 18-19, \$61,925,457 in expenditures have been budgeted in the Non Departmental business unit. As of January 14, 2019, \$26,702,837 (43%) has been expended. If the Commission approves this contract, the available balance in the Non Departmental business unit will be \$35,192,623 (General Fund). **SEE CHART**

Non Departmental Business Unit						
	Budget Amount	Before Agreement Actual Amount	Variance		After Agreement Actual Amount	Variance
Contract Amount					29,997	
Revenues	896,875	752,863	(144,012)		896,875	752,863 (144,012)
General Fund	61,028,582	25,949,974	(35,078,608)		61,028,582	25,979,971 (35,048,611)
Expenditures	61,925,457	26,702,837	35,222,620		61,925,457	26,732,834 35,192,623
Surplus/(Deficit)	0	0			0	0

IMPACT ON FUTURE FISCAL YEARS

- Approval of this contract modification will have a fiscal impact on future fiscal years through August 2020 for FY 19-20.

Deputy Director/Fiscal Analyst: Terrance T. Adams

17-57-101-M1 Plante & Moran

COMMITTEE ON AUDIT

January 16, 2019

D.2.- Forwarding a copy of a letter from Plante & Moran, PLLC, the County's independent external auditor regarding its annual audit of the County's Fiscal Year ended September 30, 2018 financial statements and required communications

(2019-57-900)

Office of Legislative
Auditor General

MARCELLA CORA CPA, CIA, CICA, CGMA
AUDITOR GENERAL

500 GRISWOLD STREET
STE. 842 GUARDIAN BLDG
DETROIT, MICHIGAN 48226

TELEPHONE: (313) 224-8354

January 11, 2019

DAP No. 2019-57-900

COMMITTEE ON AUDIT TRANSMITTAL LETTER

Wayne County Committee on Audit:

Governmental auditing standards require external auditors to communicate certain information to the Wayne County Commission and the County Executive regarding the annual audit. Attached is a letter dated December 12, 2018, from Plante & Moran, PLLC, the County's independent external auditor regarding their audit of the County's Fiscal Year Ended September 30, 2018 financial statements and their required communications. The purpose of the letter is to outline the auditor's responsibilities under auditing standards and to provide an overview of the planned scope and timing of the audit.

If you have any questions, concerns, or a desire to discuss the letter in greater detail, we would be happy to do so at your convenience.



Marcella Cora, CPA, CIA, CGMA, CICA
Auditor General

REPORT DISTRIBUTION

Honorable Wayne County Commissioners

Department of Management & Budget
Henry Dachowitz, Chief Financial Officer
Mathieu Dube, Deputy Chief Financial Officer
Yogesh Gusani, Director of Financial Reporting

Office of the County Executive
Honorable Warren C. Evans, County Executive



Plante & Moran, PLLC
Suite 400
1000 Oakbrook Drive
Ann Arbor, MI 48104
Tel: 734.665.9434
Fax: 734.665.0064
plntemoran.com

December 12, 2018

Wayne County Commission
Audit Committee, and the County Executive
Charter County of Wayne, Michigan

Re: Required Audit Planning Communications:

We are in the process of planning for the audit of the financial statements of the Charter County of Wayne, Michigan ("Wayne County") for the year ended September 30, 2018. An important aspect of planning for the audit is communication with those who have responsibility for overseeing the strategic direction of Wayne County and obligations related to the accountability of Wayne County. At Wayne County these responsibilities and obligations are held by the Wayne County Commission, the Audit Committee, and the County Executive, collectively and individually; therefore, it is important for us to communicate with each of you in your role.

As part of this communication process, we have spoken at length with Mr. Warren Evans (County Executive), Mr. Raymond Basham (Chair of Audit Committee/County Commissioner) and Mr. Gary Woronchak (Chair of the Wayne County Commission), regarding our responsibilities under generally accepted auditing standards and the planned scope and timing of our audit. The purpose of this letter is to provide each of you with a summary of those discussions and to provide you with the opportunity to communicate with us on matters that may impact our audit.

Our Responsibility Under Generally Accepted Auditing Standards and Generally Accepted Government Auditing Standards

As stated in our engagement letter addressed to Ms. Marcella Cora, Legislative Auditor General, and dated September 18, 2018, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In accordance with Generally Accepted Government Auditing Standards (GAO Standards), we are required to communicate all noncompliance with provisions of laws, regulations, contracts or grants that have a material effect on the financial statements that comes to our attention. GAO standards also require that we report any instances of abuse identified during that audit that could be quantitatively or qualitatively material to the financial statements.

We expect to include an emphasis-of-matter paragraph in the auditor's report informing the users of the financial statements about the significance of adopting a new accounting standard: GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The proposed wording of the emphasis-of-matter paragraph follows:

As described in Note X to the financial statements, during the year ended September 30, 2018, the County adopted the new accounting guidance of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for*

Charter County of Wayne, Michigan

December 12, 2018

Postemployment Benefits Other than Pensions, which establishes accounting and financial reporting standards for postemployment benefits other than pensions provided to the employees of state and local governments. Our opinion is not modified with respect to this matter.

Overview of the Planned Scope and Timing of the Audit

Our audit fieldwork will include three phases. The planning and preliminary information-gathering phase will occur during July and August; the risk assessment phase in September and October; and the rest of our audit procedures will be performed through March 2019.

This is an audit of group financial statements. We have identified the Wayne County Employees' Retirement System Defined Benefit Plan, Wayne County Circuit Court Commissioners Balliffs' Retirement System and the Wayne County Employees' Retirement System Defined Contribution Plan as components of the group financial statements of the County. The component auditor of these components is George Johnson & Company. In order to issue the County's financial statements timely, we will need the full cooperation of George Johnson & Company. We will be communicating with George Johnson & Company throughout the audit process.

We have identified HealthChoice of Michigan as a component of the group financial statements of the County. The component auditor of the component is Alan C. Young & Associates. In order to issue the County's financial statements timely, we will need the full cooperation of Alan C. Young & Associates. We will be communicating with Alan C. Young & Associates throughout the audit process.

We have also identified the Wayne County - Detroit CDE, Inc. as a component of the group financial statements of the County. This component is audited by Plante & Moran, PLLC; although the audit engagement team for this component is not the same team as the Wayne County group audit engagement team. Thus, we will be communicating with the audit team throughout the audit process.

To plan an effective audit, we must identify significant risks of misstatement in the financial statements and design procedures to address those risks.

We identified the following significant risks of misstatement:

- Significant transactions (in terms of size and/or volume during the year), including but not limited to items such as property taxes, state/local grants and contracts, charges for services, Road fund activity, vendor contracts, and payroll-related items.
- Compliance with Federal Programs under OMB Uniform Guidance
- Proper recording of capital assets
- Potential impairment and reevaluation of recorded capital assets/projects
- Proper recording of the net pension liability, net OPEB liability, and the related deferral balances
- Internal controls surrounding online banking

- Management override of financial data from the normal accounting process

For the components identified above, we will communicate to the component auditors significant risks of material misstatements of the Group financial statements identified by us, and which we believe are relevant to the work performed by the component auditor for purposes of the audit of the Group financial statements.

In response to these identified significant risks, we will perform the following:

- Targeted testing of certain transactions to verify that transactions are supported by appropriate documentation and are accounted for appropriately. Testing includes performing third party confirmations or other support and detailed testing of reconciling items. This testing will also include certain unpredictable procedures for which we will provide no advance notice.
- Review of grant agreements and testing of specific major programs and compliance as part of the Federal Awards audit
- Detail testing of capital asset existence and recalculation of recorded balances
- Review tests of impairments and analysis performed by Wayne County
- Review documentation prepared by the County's actuary and County's calculation of the net pension and OPEB liabilities and related journal entries in accordance with GASB 68 and GASB 75
- Review controls surrounding online banking for primary cash accounts
- Detail testing of manual journal entries posted

For the components listed above, we will review the overall findings and conclusions of the component auditor that could have a material impact on the Group financial statements.

We will gain an understanding of accounting processes and key internal controls through a review of the accounting procedures questionnaires and control procedures questionnaires prepared by management. We will confirm through observation and inspection procedures that accounting procedures and controls included in the questionnaires have been implemented. We will not express an opinion on the effectiveness of internal control over financial reporting; however we will communicate to you significant deficiencies and material weaknesses identified in connection with our audit.

The concept of materiality is inherent in our work. We place greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than with those items of lesser importance or those in which the possibility of material error is remote.

Information from You Relevant to Our Audit

An important aspect of this communication process is the opportunity for us to obtain from you information that is relevant to our audit. Your views about any of the following are relevant to our audit:

Charter County of Wayne, Michigan

December 12, 2018

- Wayne County's objectives and strategies, and the related business risks that may result in material misstatements
- Matters you consider warrant particular attention during the audit, and any areas where you want to request additional procedures be undertaken
- Concerns about Wayne County's internal control and its importance to the Wayne County, including how the Wayne County Commission, Audit Committee and the County Executive oversee the effectiveness of internal control and the detection or possibility of fraud
- Significant communications with regulators, if any
- The actions of the Wayne County Commission, Audit Committee and the County Executive in response to developments in accounting standards, regulations, laws, previous communications from us, and other related matters

If you wish to discuss the scope of the audit examination in more detail or have any information to communicate to us regarding the above or any other matters you believe are relevant to the audit, please contact us as soon as possible at the contact information below:

David Helisek, Partner
David.Helisek@plantemoran.com
734-302-6901

Joe Kowalski, Partner
Joe.Kowalski@plantemoran.com
248-223-3761

Stacey Reeves, Partner
Stacey.Reeves@plantemoran.com
248-223-3382

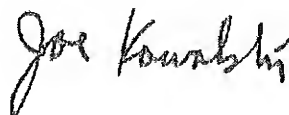
Thank you for your time and consideration in this important aspect of the audit process. You can expect to hear from us again after the completion of our audit when we will report to you the significant findings from the audit.

Very truly yours,

Plante & Moran, PLLC



David Helisek, Partner



Joe Kowalski, Partner



Stacey Reeves, Partner

cc: Ms. Marcella Cora, Legislative Auditor General

plante
moran

COMMITTEE ON AUDIT

January 16, 2019

**D.3.- Forwarding a copy of the 2018 Annual Report from the Wayne County
Office of Legislative Auditor General**

(2019-57-800)

Office of Legislative
Auditor General

MARCELLA CORA CPA, CIA, CICA, CGMA
AUDITOR GENERAL



550 GRISWOLD STREET
STE. 842 GUARDIAN BLDG
DETROIT, MICHIGAN 48226
TELEPHONE: (313) 224-8354

January 11, 2019

COMMITTEE ON AUDIT TRANSMITTAL LETTER

Wayne County Committee on Audit:

Enclosed is the final copy of the 2018 Annual Report from the Wayne County Office of Legislative Auditor General (OAG). The report is dated January 11, 2019; DAP No. 2019-57-800. The report is submitted in accordance with the Rules of Procedures of the Commission, applicable standards of the Institute of Internal Auditors and best practices.

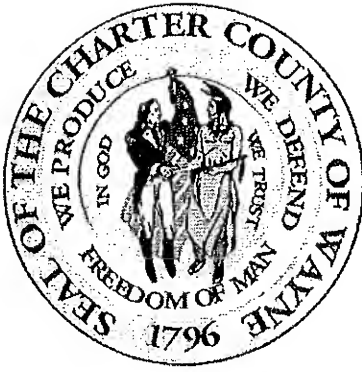
Respectfully submitted,

A handwritten signature in cursive script, reading "Marcella G. Cora".

Marcella G. Cora, CPA, CIA, CICA, CGMA
Auditor General

REPORT DISTRIBUTION

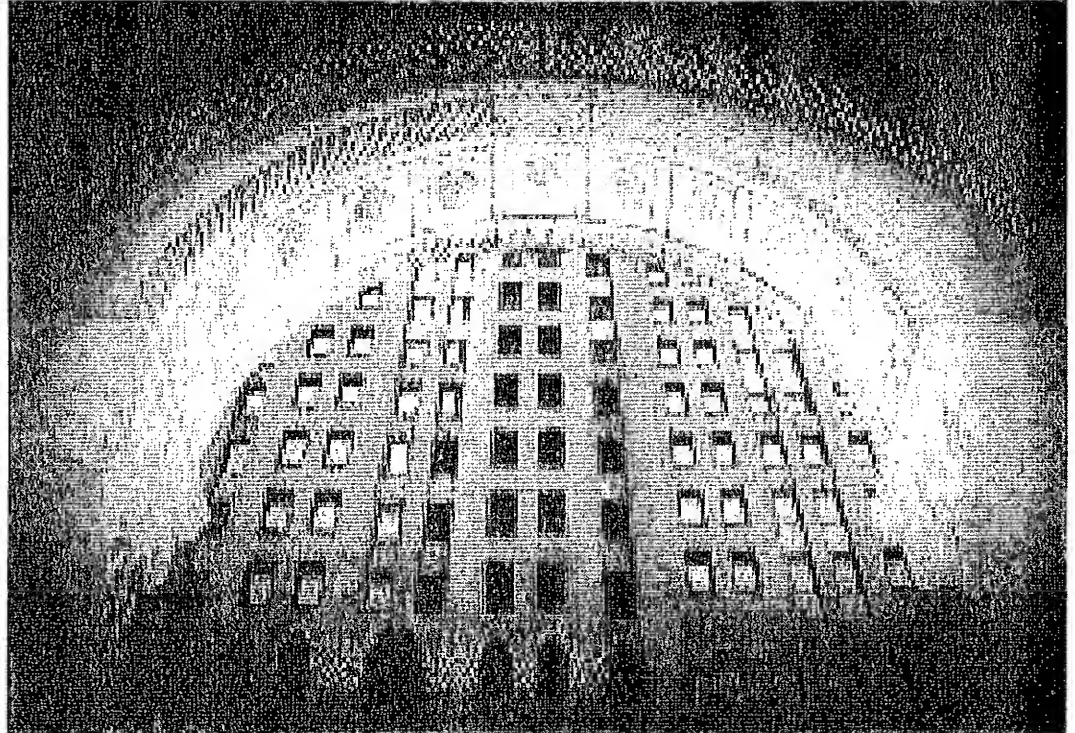
Wayne County Commissioner



Annual Report 2018

Office of Legislative Auditor General

Focused * Helpful * Straight down the line * Determined * Firm * Decisive * Balanced * Objectivity * Confidentiality * Competency * Integrity * Independence



Marcella C. Cota, CPA, CIA, CICA, CIMA
Auditor General



OAG

Office of Legislative Auditor General

500 Griswold, 8th Floor * Detroit, Michigan 48226 * Phone (313) 224-8354 * <https://www.waynecounty.com/elected/commission/office-of-the-legislative.aspx>

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Office of Legislative
Auditor General

MARCELLA CORA CPA, CIA, CICA, CGMA
AUDITOR GENERAL

500 GRISWOLD STREET
STE. 842 GUARDIAN BLDG
DETROIT, MICHIGAN 48226
TELEPHONE: (313) 224-8354

Letter of Transmittal

January 11, 2019

DAP No. 2019-57-800

Honorable Alisha R. Bell, Chairwoman
Wayne County Commission,
Honorable Raymond Basham, Chairman
Wayne County Committee on Audit,
Members of the Wayne County Commission, and
Honorable Warren Evans, Chief Executive Officer,
County of Wayne, Michigan

Ladies and Gentlemen:

On behalf of the dedicated staff members of the Wayne County Office of Legislative Auditor General (OAG), I am honored to submit our 2018 Annual Report (report). The report highlights the collective efforts and results of the OAG during the 2018 calendar year. The report is submitted in accordance with Section 3.119 of the Wayne County Home Rule Charter, applicable section(s) of the County Code of Ordinances, and Rules of Procedures of the Commission.

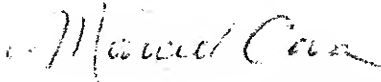
The Auditor General meets semi-monthly with the Committee on Audit to present audit reports containing recommendations for corrective action and other matters pertaining to County operations. Audit reports are discussed at the committee and referred to the Full Board for receipt and filing. In addition, the OAG reports annually all direct budgetary impacts as a result of our engagements to the Committee on Ways & Means.

Of the many successes and accomplishments achieved during the year, we are proud of the completion of 20 audit or review reports, which included 59 new recommendations, with a financial impact to the county of over \$3.1 million. We are also proud to report that 95 percent of the previously issued recommendations we followed-up on had been implemented and/or resolved by management. Management's implementation rate is a clear indication of their shared commitment to mitigate and manage known and reported risk, and to improve the internal control environment here in the county.

The Office of Legislative Auditor General remains committed to providing high-quality audits, reviews, and special projects that present objective examinations conducted in accordance with professional auditing standards. You can be assured that throughout the audit process we will continue to work diligently to add value for commissioners and county management in their efforts to improve accountability in county government, and to enhance the delivery of services to the citizens of Wayne County.

We would like to thank Committee on Audit Chair Basham, the current Audit Committee members and all Commissioners for their unwavering support of the internal audit function here at the county. We also recognize that any effectiveness we were able to accomplish was largely possible only through the support and cooperation of the executive branch and the other countywide elected officeholders. We look forward to working with the County Executive, Mr. Warren Evans and his executive management team. We are committed to continuing to improve the accountability of public funds and improve county operations for the benefit of the citizens.

Respectfully Submitted,

A handwritten signature in cursive script, appearing to read "Marcella G. Cora".

Marcella G. Cora, CPA, CIA, CICA, CGMA
Auditor General



Office of Legislative Auditor General

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STAFF DIRECTORY

<u>STAFF MEMBERS</u>	<u>POSITION*</u>	<u>E-MAIL ADDRESS</u>	<u>PHONE</u>
Marcella G. Cora	Auditor General	mcora@waynecounty.com	(313) 224-8354
Michael A. Sosnowski	Audit Manager	msosnows@waynecounty.com	(313) 224-7368
John C. Kellett	Supervisory Auditor	jkellett@waynecounty.com	(313) 224-7978
Crystal L. Thomas	Supervisory Auditor	cdavie@waynecounty.com	(313) 224-6706
Andrew D. Rea	Principal Senior Auditor	area@waynecounty.com	(313) 224-7972
Tequila Allen	Principal Senior Auditor	tallen@waynecounty.com	(313) 224-3682
Regina Lee	Senior Auditor	rlee1@waynecounty.com	(313) 224-7395
Kimberly Dorsey	Staff Auditor	kdorsey@waynecounty.com	(313) 224-7442
Linda Hendricks	Project Consultant	lhendricks@waynecounty.com	(313) 224-7395
Wilbur Hammer	Project Consultant	whammer@waynecounty.com	(313) 224-6358

* As of January 1, 2019



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Executive Summary

This Annual Report covers the period from January 1 through December 31, 2018. Much was accomplished during the year; foremost was the completion of 20 audit/review reports and 3 administrative projects. Many of them were noteworthy affecting a wide range of programs, operations, and services offered by the county. The issued audit/review reports identified 59 new recommendations with a financial impact of \$3.1 million on county operations. Equally noteworthy, is of the 57 previously conveyed recommendations, management had sufficiently, partially resolved or is in the process of implementing 54, or 95 percent of the recommendations that we followed-up on during the year through our corrective action plan engagements. The implementation rate is a testament that county elected officials and managers share our commitment to strengthening the internal control environment by identifying, managing, and mitigating risk here in the county.

This report also includes brief biographical sketches for each of the Office of Legislative Auditor General (OAG) staff members. The value we are able to bring to the county is totally dependent on the quality of the personnel we are able to attract and retain. We believe the county is fortunate that the OAG has been successful in assembling an excellent team of professionals with differing and complimentary backgrounds and professional expertise.

*"...59 new
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95 percent
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the 57 previously
conveyed
recommendations..."*

We experienced personnel changes during the year. The OAG acquired a new employee Kimberly Dorsey as a Staff Auditor. David Griggs left the Office of Legislative Auditor General in July 2018 to follow other endeavors.

The OAG encourages staff to give back to the communities where they work and live. We highlighted organizations where four of our staff members volunteered their time to serve others.

The report also describes all noteworthy accomplishments achieved in 2018. In addition to the productivity performance and implementation of recommendations, we note the following: our unyielding commitment and success in achieving the professional continuing education and training for our staff required by the authoritative auditing standards we pledge to adhere to in the performance of our engagements.■



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Office of Legislative Auditor General

The establishment of the Wayne County Legislative Auditor General and related office (OAG) are provided for by Wayne County Home-Rule Charter, Section 3.119, within the Legislative Branch of county government. The duties and functions of the OAG were strengthened through a citizen approved revision to the Home-Rule Charter in 1996. The mission of the OAG is striving to be a world-class internal audit organization, offering value to county managers, officials responsible for governance, and citizens. Our purpose is to examine and evaluate county activities in order to achieve transparency and accountability of public funds, and improve the operations of county government for the benefit of Wayne County citizens and the customers of its services.

The OAG reports and other work products have resulted in changes and improvements to county operations that benefit county taxpayers, programs and services, and assist the commission in its oversight of county operations and resources. The OAG has the responsibility to conduct performance, financial, operational, compliance, specific scope audits, and special projects of all county departments/agencies.

Wayne County government officials and employees are accountable to the citizens of Wayne County for the proper handling of public funds and are responsible for managing county resources effectively, efficiently, and economically.

The reports and other products issued by the OAG provide the citizens of Wayne County with a measure of accountability. Our work products also assist elected officials and department administrators by providing an independent and objective evaluation of their operations. The OAG's foremost goal is to improve accountability, transparency, and mitigate risk exposures while promoting effectiveness, efficiency, and economy in county government.

We experienced personnel changes during the year. David Griggs left the Office of Legislative Auditor General in July 2018 to follow other future endeavors. The OAG wishes him well. Moreover, the OAG acquired a new employee, Kimberly Dorsey, as a Staff Auditor.

- Focused
- Helpful
- Straight Down the Line
- Determined
- Firm
- Decisive
- Balanced
- Objectivity
- Confidentiality
- Competent
- Integrity
- Independent

The reports and other products issued by the OAG are performed in accordance with Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States and/or International Standards for the Professional Practice of Internal Auditing, issued by the Institute of Internal Auditors (IIA).

The OAG has established 12 Codes of Principles and Conduct to assist and guide our professional staff members in performing their duties and responsibilities in an ethical and appropriate manner. These items require staff members to pledge their allegiance not only to the standards promulgated by GAGAS and IIA but also to the 12 Codes of Principles and Conduct.

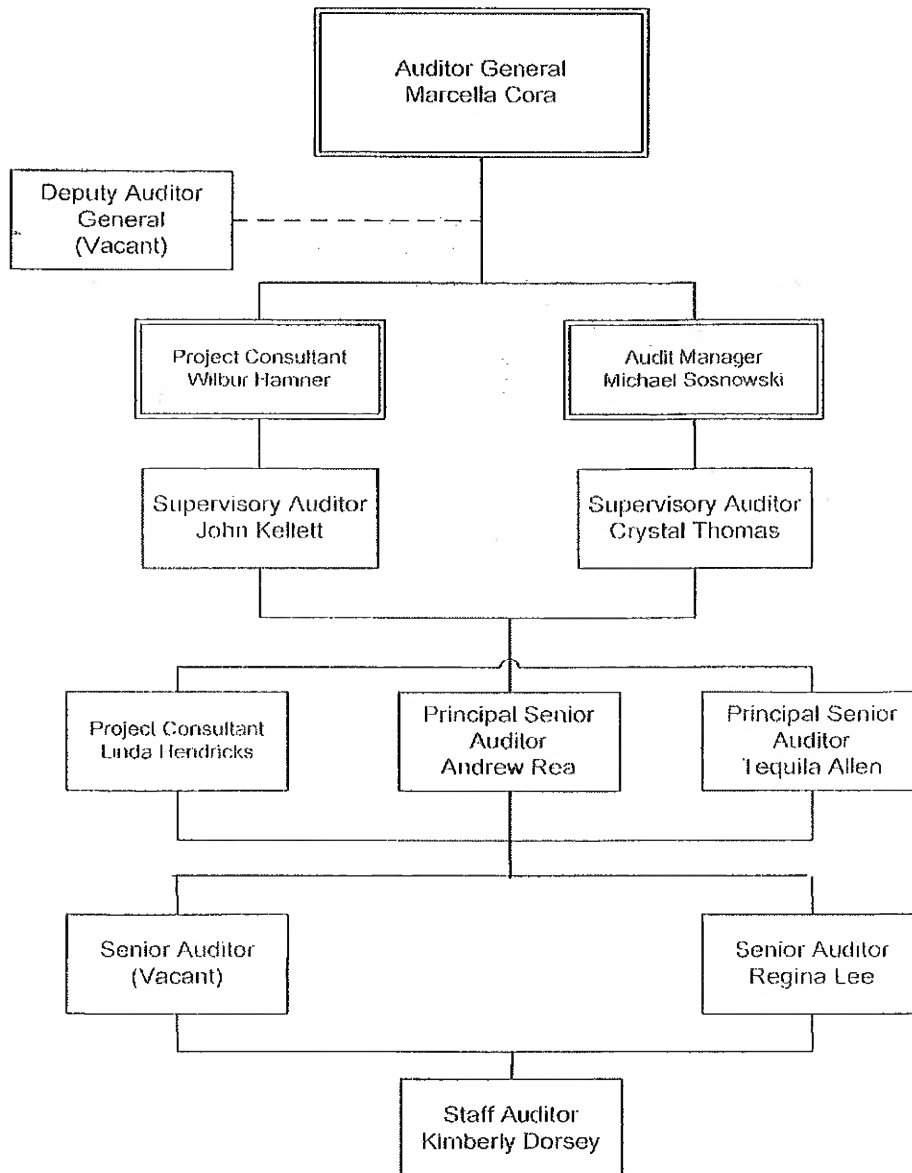


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Wayne County Office of Legislative Auditor General Organizational Chart As of January 1, 2019





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Staff Biographical Sketches

Marcella G. Cora, CPA, CIA, CICA, CGMA – Auditor General

Ms. Cora brings over 24 years of internal auditing experience of governmental bodies. She began her career with the OAG in April 1999, after five years with the Army Audit Agency, Defense Department, United States. During her tenure with the Army Audit Agency, she received several awards for her outstanding performance. In FY 2005, Ms. Cora was promoted to Audit Manager and was appointed Deputy Auditor General January 2011 where she served until being appointed Auditor General effective January 1, 2015. In November 2017, Ms. Cora was reappointed for an additional five years. As Auditor General, she is responsible for the planning, directing, and managing the day-to-day activities of the OAG.



Ms. Cora has played a key role in the implementation of, and numerous enhancements to the audit management software package, TeamMate. She has led the office's last two peer reviews that resulted in the office being in compliance with both Generally Accepted Government Auditing and Institute of Internal Auditing Standards.

She is a graduate of Davenport University. She is a licensed Certified Public Accountant in the State of Michigan, a Certified Internal Auditor, Certified Internal Controls Auditor, and Chartered Global Management Accountant. She has memberships in several professional organizations including the American Institute of Certified Public Accountants, Michigan Association of Certified Public Accountants, Institute of Internal Auditors, Government Finance Officers Association, and the Association of Certified Fraud Examiners. She is extremely community minded and spent twelve years as a member of the River Rouge Board of Education.



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Michael Sosnowski, CIA – Audit Manager

Michael joined the Wayne County Office of Legislative Auditor General in January 2007. He recently assumed the position of Audit Division Manager. Some of the more important engagements he has supervised include:



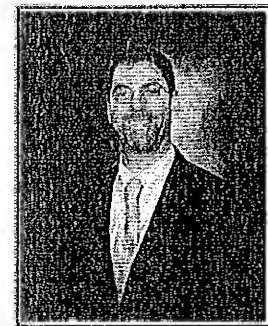
- Commission Payroll
- Examination of Payroll and Benefit Transactions & Processes
- Golf Course Operations
- Budget Sensitive Issues/Review of County's Annual CAFR (Annual engagement)
- Wayne County Sheriff's Office Food Service Operations
- Wayne County Vehicle Use Ordinance

He has over 30 years of business experience, 18 of which were spent at AT&T. While there, he worked in Internal Audit, Finance, Operational Planning & Support, and IT. A major accomplishment with AT&T was the development of a corporate wide cross-functional change management request process.

Michael received a Bachelor of Arts Degree in Accounting from St. Thomas University, St. Paul, MN. He received his Master's Degree in Business Administration from Wayne State University. He is a Certified Internal Auditor; a member of the Institute of Internal Auditors; and, Non-CPA affiliate member of the Michigan Association of Certified Public Accountants. Michael also serves as an adjunct instructor at two local universities -- Baker College of Allen Park and Central Michigan University's Global Campus.

John C. Kellett, CGAP, CICA – Supervisory Auditor

Mr. Kellett joined the Auditor General's Office in April 1999 as a Staff Auditor. His most recent promotion was in October of 2010 when he was promoted to Supervisory Auditor. During his time with the office, Mr. Kellett has been the lead auditor on many types of audits and special projects and most recently the Performance Audits on the County's Community Development Block Grant (CDBG) Program and Clerk Vital Services.



In 2013, Mr. Kellett served as a peer review team member for the Allegheny County, PA peer review and was also selected in 2014 to serve as a team member for the Los Angeles County, CA, Metropolitan Transportation Authority peer review. The Association of Local Government Auditors (ALGA) conducts peer reviews of a governmental internal audit division and attests to their compliance with IIA auditing standards.



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Over the last fifteen years he has been the leader of the Auditor General's Technical Assistance Group providing critical technical support for our computer aided auditing techniques and tools (CAATT) software. These CAATT help the office become more efficient and streamline audit processes. He also oversees the implementation and updates of the Teammate software for the OAG's electronic work paper system.

He presently has a professional certification from the Institute of Internal Auditors "Certified Government Auditing Professional (CGAP)." The CGAP demonstrates an individual's knowledge of Government Auditing Standards, Governance, Risk and Control Frameworks, Practice, and Auditing Skills and Techniques. He also is a Certified Internal Controls Auditor.

Mr. Kellett earned his Bachelor's Degree from Eastern Michigan University and is a graduate of Walsh College where he received his Masters of Arts Degree in Economics. Mr. Kellett is also a member of the Institute of Internal Auditors.

Crystal L. Thomas – Supervisory Auditor

Ms. Thomas joined the Office of Legislative Auditor General's Staff in April 2005 as the Legislative Staff Assistant and Confidential Secretary I. She was promoted to Office Manager, and later to Senior Auditor in 2008 after earning her Bachelors of Science degree. Ms. Thomas was promoted to Principal Senior Auditor in the fall of 2010, and most recently, Ms. Thomas was promoted to Supervisory Auditor in the winter of 2016. Ms. Thomas has been the lead auditor on numerous OAG Engagements. She is a recipient of the Recognition of Achievement Award issued by Wayne County in 2006 and was one of the recipients of the Meritorious Team Achievement Award in 2008.



Crystal Thomas is the founder of Samaritans Mission Organization, whose focus and mission is to decrease the number of homeless & hungry individuals, families and at-risk teens in our communities and city by assisting with the basic necessities and needs.

Ms. Thomas currently holds a Certificate for Online Adjunct Teaching (COAT) from Maryland College, Associate of Arts degree from Henry Ford Community College, Bachelor of Science degree from Franklin University, Master of Management degree and Human Resource Management Graduate Certificate from Walsh College. She is currently pursuing a certification designation as a Certified Governmental Auditing Professional (CGAP) and Certified Internal Auditor (CIA). Ms. Thomas is a member of the Institute of Internal Auditors and Association of Certified Fraud Examiners.



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Andrew Rea – Principal Senior Auditor

Mr. Andrew Rea joined the Office of Legislative Auditor General's staff in June 2009. Mr. Rea brought to the OAG five (5) years of experience in the public/private sector. He also brought experience in investigative techniques acquired through his formal education. In recognition of his efforts, he was promoted to Principal Senior Auditor in 2016. As an auditor, he has played a large role in several important engagements, notably, the audits/reviews of the Pinnacle Race Track Development, Central Accounts Receivable/Billing and Collection Activity, Examination of Billing Processes - Children & Family Services, and the Wayne County Land Bank Corporation.



Mr. Rea attended Michigan State University where he obtained a Bachelor of Arts Degree. His future goals include obtaining a Master's Degree and pursuing the Certified Internal Auditor certification. Mr. Rea is a member of the Institute of Internal Auditors.

Tequila Allen -- Principal Senior Auditor

Ms. Tequila Allen joined the Auditor General's staff in September 2016 and was recently promoted to Principal Senior Auditor. She joined after several years of working in the public sector. Ms. Allen has experience conducting financial statement audits, documenting and testing Sarbanes-Oxley compliance, and performing internal control and risk analysis. She has consulted on a wide variety of engagements for clients in various sectors, from Fortune 500 companies to nonprofits and local governmental units. While with the OAG, Ms. Allen has played an integral role in the Wayne County Sheriff's Jail Commissary audit and the 2015 Stadium Excise Tax engagement.



Ms. Allen graduated with honors from Wayne State University and holds a Bachelor of Science in Business Administration with a major in Finance. She has also earned a Master of Science in Accounting from Wayne State University and a Master of Business Administration from Lawrence Technological University. Ms. Allen plans to pursue a CPA license and is a member of Michigan Association of CPAs.



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Regina Lee, CFE – Senior Auditor

Ms. Regina Lee joined the Auditor General's staff in July 2017. She brought with her 30 years of business experience, which includes a year as an Auditor Intern with Housing and Urban Development-Office of Inspector General; 20 years with the State of Michigan as a Senior Accountant in the Department formerly known as Human Services and Corrections. During her years with the Human Services, Ms. Lee assessed program compliance with established internal controls procedures, trained Wayne County DHS fiscal staff and managers on internal control policies; conducted reviews on district offices fiscal financial and operational activities.



Regina serves faithfully within her church working within O.A.S.I.S. ministry providing meals to the homeless. O.A.S.I.S is working hard preparing to donate over 100 lap blankets, scarves and hats to residents living in a senior complex located in Melvindale, MI. In October 2017, Ms. Lee became a volunteer for Bridging Communities, LLC, an organization whose mission is to improve the quality of life for elders within their neighborhood through collaborative and innovative programming.

Ms. Lee graduated from Wayne State University and holds a Bachelor of Science in Business Administration with a major in Accounting. She also earned a Master of Science in Business Administration with a concentration in Forensic Accounting from Davenport University. In January of 2017, Ms. Lee received her certification as a Certified Fraud Examiner and is a member of the Association of Fraud Examiners national and local chapter. Ms. Lee is also a member of the Institute of Internal Auditors and has plans to pursue certification as a Certified Internal Auditor.

Kimberly Dorsey -- Staff Auditor

Mrs. Dorsey joined the Legislative Auditor General's staff in February, 2018. Prior to coming on board, Mrs. Dorsey amassed over 18 years of experience in Accounting, Internal and Governmental Audit, as well as, Financial Planning and Analysis. She has worked in a variety of industries including Higher Education, Non-Profits, Hospitality, Gaming and City Government. Mrs. Dorsey has expertise in data analysis, performing assessments on risk identification, internal control activities and best practices in addition to budget and cash flows analysis. While with the OAG, Mrs. Dorsey has been key to the preparation of the Community Development Block Grant Performance Audit and the Jail Commissary Corrective Action Plan.





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Mrs. Dorsey is extremely active in her North Rosedale Park Civic Association and in the Grandmont-Rosedale community. She spent two years as a North Rosedale Park Civic Association Board Director and one year as the Editor of the Rosedale Tattler Newsletter. Mrs. Dorsey also founded the North Rosedale Park Teen Council, a group of local high schoolers that host community events and volunteer with local non-profits and small business. The North Rosedale Park Teen Council has been recognized by the Grandmont Rosedale Development Corporation and the North Rosedale park Civic Association for their dedication to building community through volunteerism.

Mrs. Dorsey is a graduate of the Wayne State University, Mike Ilitch School of Business. She holds a Bachelor of Science with a major in Business Finance and a Masters of Business Administration from the same university. Mrs. Dorsey is a member of the Institute of Internal Auditors and plans to pursue her certification designation as a Certified Internal Auditor (CIA) and Certified Governmental Auditing Professional (CGAP) next year.

Wilbur D. Hamner, CRMA, CICA, EA -- Project Consultant

Mr. Wilbur Hamner joined the Auditor General's staff in September 1998. He brought with him over 12 years of financial accounting experience in the legal and health care fields. Since joining the office, Mr. Hamner has excelled and in 2007, he was promoted to the position of Audit Manager and currently holds the position as a Project Consultant. Mr. Hamner has played a vital role in the development and implementation of the OAG's risk-based audit approach, implementation of audit management software (Team Mate) and accompanying operational processes. He was a key member in the preparation of the Association of Local Government Auditors (ALGA) quality control documentation that resulted in the OAG obtaining a successful "orange book" peer review.



Mr. Wilbur Hamner has performed numerous operational, attestation, consulting, financial, and compliance audits. Mr. Hamner has been instrumental in conducting an annual agreed-upon procedures audit that has assisted the Treasurer's Office in identifying a number of county businesses that were not remitting a mandated excise tax (Stadium Excise Tax) to the County Treasurer. As a result, the County Treasurer's Office has increased its annual collections of excise tax revenues.

Mr. Hamner was selected as a Peer Review team member by the Association of Local Government Auditors (ALGA) to conduct a peer review of a governmental internal audit division and attest to their compliance with IIA auditing standards. Mr. Hamner is a graduate of Wayne State University and holds a Bachelor of Science Degree in Accounting. In July 2013, he obtained a professional certification from the Institute of Internal Auditors "Certification in Risk Management Assurance (CRMA)." The CRMA demonstrates an individual's ability to



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evaluate the dynamic components that comprise an organization's governance and enterprise risk management program and to provide advice and assurance on core business processes with a focus on strategic organizational risks and risk management.

He also is a Certified Internal Controls Auditor and an Enrolled Agent with the Internal Revenue Service. Mr. Hamner is presently pursuing the Certified Internal Auditor certification. He holds professional memberships with the Institute of Internal Auditors and the Association of Government Accountants.

Linda Hendricks, CRMA – Project Consultant

Ms. Hendricks rejoined the OAG staff in May 2015. She has brought over ten years of experience as an internal auditor within the manufacturing, oil & gas, non-profit, hospitality, and real estate industries. Before joining the OAG, Ms. Hendricks served as the internal audit manager with Morgan's Hotel Group, headquartered in New York City, NY. Her initial internal audit experience derived from years working within the risk & advisory group at PwC, in Detroit. Ms. Hendricks has extensive experience in risk management, operational improvement, and Sarbanes-Oxley compliance work. Prior to her experience in public accounting, Ms. Hendricks held various accounting and finance positions which included: corporate budgeting & forecasting and financial analysis & reporting with AAA Michigan, Dearborn, and retail internal auditing with Sherwin Williams Company, Cleveland, OH.



Ms. Hendricks has a Certification in Risk Management Assurance (CRMA) with the Institute of Internal Auditors, is a member of the American Institute of Certified Public Accountants (AICPA), and holds the position of Secretary for the National Association of Black Accountants, Inc. (NABA) – Detroit Chapter.

Ms. Hendricks mentors three high school students on a weekly basis with Winning Futures, a 501c3 organization whose school-based program focuses on goal setting, career preparation, and strategic planning.

Ms. Hendricks is a graduate of Howard University, Washington D.C. earning a bachelor of business administration, with a concentration in accounting. She received her Masters of Business Administration from the University of Phoenix. ■



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Personnel Changes

During the year, the OAG experienced some personnel changes. In July 2018, Mr. David Griggs left the Office of Legislative Auditor General to follow other job opportunities. The OAG wishes him well in his future endeavors. Moreover, the OAG acquired a new employee, Kimberly Dorsey, as a Staff Auditor. ■

Strategic Audit Group (SAG)

The Strategic Audit Group (SAG) was established in 2007. The responsibilities of this group are to review, develop and revise audit policies and procedures and design appropriate audit/project procedures and processes to ensure the audit and other work products of the OAG are in compliance with authoritative professional standards and best practices. The members of the SAG team consist of the following OAG team members:

- Marcella Cora, Auditor General
- Michael Sosnowski, Audit Manager
- John Kellett, Supervisory Auditor ■

Technical Assistance Group (TAG)

The OAG established the Technical Assistance Group (TAG) several years ago. The members of the TAG team consist of the following individuals:

- Marcella Cora, Auditor General
- John Kellett, Supervisory Auditor
- Andrew Rea, Principal Senior Auditor

This group has been very instrumental in providing leadership and technical support in the area of office technology including the selection, installation, implementation and daily support for the OAG's computer systems, software, and related peripherals. It also develops policies and procedures for use and care of computer hardware, software, and peripherals. The group is comprised of a team with diverse disciplines committed to ensuring the OAG utilizes the most effective and efficient computer aided auditing tools and technologies, or Computer Assisted Auditing Tools and Techniques (CAATT), in our audit and administrative processes. The group also is responsible for development and maintenance of the office's webpage. The group has allowed the OAG to eliminate many of the routine service calls that otherwise may have gone to the county's help desk. ■



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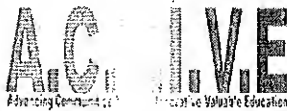
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Giving Back to the Community

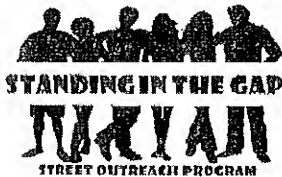
During the year, several staff members in the OAG volunteered their time, talents and professional expertise to assist in community charitable initiatives. A list and brief description of the organizations they volunteered are below:

Samaritans Mission Organization

Ms. Crystal Thomas, Supervisory Auditor, founded an organization named Samaritans Mission Organization (SMO). These individuals volunteer their time and effort into giving back to the communities within Detroit throughout the year. This year, Ms. Thomas volunteered her time to SMO A.C.T.I.V.E Prevention Program and Standing in the GAP Street Outreach Program.



This year the A.C.T.I.V.E program selected their first recipient for the program. He is the second oldest out of seven (7) children. He is the first to attend college out of four (4) generations within his family. We assisted this young man by providing him with a stainless steel refrigerator/freezer and a total of \$110 worth of healthy foods. We also held a raffle where we raised \$530 to pay toward his tuition balance. The monetary donation covered 19% of his balance owed to Siena Heights University.



In addition, Crystal Thomas, the founder of SMO started a street outreach program called Standing In The Gap. The program ensures that teens and adults have the necessities needed to survive and potentially get back on their feet. We prepared and packed meals that were delivered in the Cass Corridor area, Woodward Avenue and on 3rd Street and Martin Luther King.

Winning Futures



During the year, Ms. Linda Hendricks, Project Consultant, spent her time throughout the year mentoring high school students through a program called Winning Futures by providing them with the necessary knowledge and encouragement to help them succeed in their future endeavors. Ms. Hendricks mentors by assisting with goal setting, career preparation and strategic planning. Overall, empowering each student with a foundation to help them reach their goals. Winning Futures is an award winning nonprofit organization that makes a difference in the lives of young people. Winning Futures offer school-based mentoring programs and workshops for middle school and high school students in Southeast Michigan. All of their programs focus on the life skills of character, value identification, goal setting, career preparation, and strategic planning.



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Bridging Communities



During the year, Ms. Regina Lee, Senior Auditor, in the OAG volunteered her time, talents and professional expertise to work with an organization which is a grass root collaboration involving local unions, businesses, residents, social service and faith based organizations working together to create caring communities where people of all ages can live in dignity in Southwest Detroit.

Ms. Lee's, main assignment is to assist the finance team with financial operational reviews and annual budget preparation; however, she enjoys fitting in any area she is needed.

North Rosedale Park Civic Association



Mrs. Kimberly Dorsey, Staff Auditor, spent 2018 cultivating engagement and volunteerism in the North Rosedale Park community. She served as a Board Director at the North Rosedale Park Civic Association from 2016 to 2018. During that time, she chaired numerous activities and events, raising more than \$5,000 for the association which has in turn been used to develop the beautiful North Rosedale Park Community House and grounds.

Mrs. Dorsey also has mentored a neighborhood teen group for 3 years called the North Rosedale Park Teen Council. The teen council is a group of local high school kids that participate in volunteer opportunities with Grandmont-Rosedale civic associations, non-profits and small businesses to earn community service hours towards graduation. ■



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2018 Significant Accomplishments

Majority of Recommendations Implemented

Arguably, the single most important measure of effectiveness of any internal audit organization is the level or rate of implementation of the recommendations contained in issued reports. We are extremely proud to report in 2018 that three (3) completed corrective action plan engagements examined and assessed implementation status of a total of 57 previously issued recommendations. Management had sufficiently implemented, partially resolved, or is in the process of addressing 54, or 95 percent of the prior recommendations. Moreover, we recognize that the implementation rate achieved is a testament to elected officials and management's desire and willingness to improve the risk environment here in the county, despite reduced resources. Listed below is a summary status of the recommendations addressed during 2018.

Total Number of Recommendations Examined	STATUS			
	Resolved	Partially Resolved	Not Resolved	In Process
57	29	2	3	23

Training Goals Achieved

Ensuring that each audit professional staff member receives the required continuing professional education credits and training is essential for any effective internal audit organization; especially those peer reviewed such as the OAG. During the year, the OAG provided education and training opportunities to each professional audit staff member. This training ensures each staff member receives the proper continued professional education credits of 80 hours (every two years) required under the Generally Accepted Government Auditing Standards (GAGAS), issued by the Comptroller General of the United States. During the year we also ensure staff obtains the required training to perform audits in accordance with the International Standards for Professional Practice of Internal Auditing issued by the Institute of Internal Auditors and the American Institute of Certified Public Accountants.

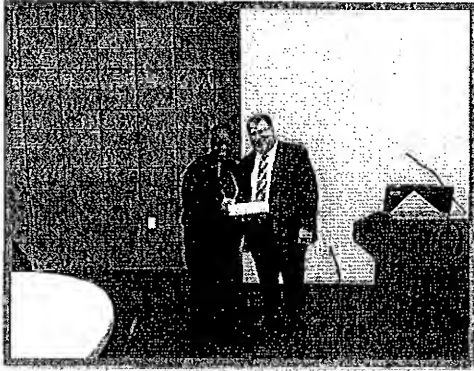
We believe staff development is a continuous process that benefits both the staff and county by ensuring staff enhance their skills and stay abreast of current industry guidance and best practices. See Appendix A for a detailed listing of seminars and conferences attended by staff during the year. Much of the training received during the year was obtained through webinars, webcasts, and online tutorials. This was done to control our expenditures in this area.



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Regina Lee (L) presenting gift to NABA Speaker at the 2018 Annual NABA DOF Conference.



Charles Brown (R) presenting speaker a plaque at the 2018 Annual NABA DOF Conference.

Another method in which the OAG provides staff development is through the support of staff members and their efforts to obtain professional certifications, including, but not limited to:

- Certified Public Accountant (CPA)
- Certified Internal Auditor (CIA)
- Certified Government Financial Manager (CGFM)
- Certified Fraud Examiner (CFE)
- Certified Information Systems Auditor (CISA)
- Certified Government Audit Professional (CGAP)
- Certified Internal Controls Auditor (CICA)
- Certified Risk Management Auditor (CRMA)

The OAG professional development goal is to maximize the value of the Auditor General's work by continuing to promote quality, professionalism, and productivity. The OAG continuously encourages all staff to pursue professional certifications and maintain memberships in various professional organizations. These memberships allow staff to interact and network with professional colleagues and stay abreast of the latest trends and best practices in the industry. In addition, through these various professional organizations, members of the OAG are able to demonstrate their leadership skills by serving on various committees. Other members of the OAG also serve in leadership positions in various professional organizations. ■



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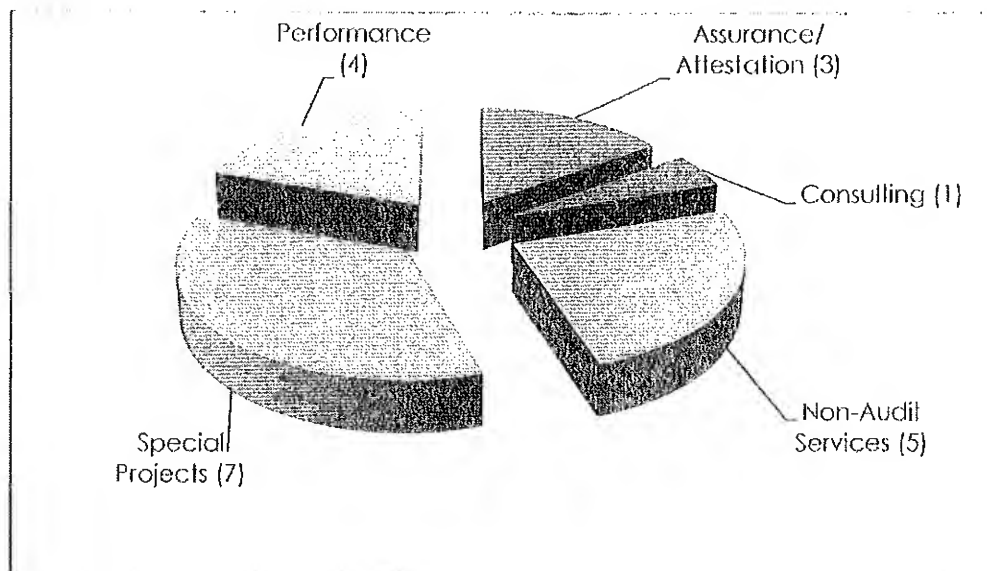
2018 Productivity in Review

Our 2018 audit work plan identified 43 engagements/projects with a goal to complete 25 audit/review reports or projects for the year. The OAG completed and issued 20 audit or review reports as well as 3 administrative projects. The 20 completed audits or review reports consisted of three (3) Attestation, one (1) Consulting, five (5) Financial Assessment – Limited Review, Limited Analytical Review, seven (7) Special Project, and four (4) Performance. The audit/review reports contained 59 new recommendations and had an impact of \$3.1 million on county operations. The types of impact included, but were not limited to: inappropriate/questionable expenditures related to operations and programs, cost avoidance/savings, and other dollar impacts. Based on our productivity goal of 25 completed engagements/projects for 2018, we achieved approximately 92 percent of the goal.

The following pie chart illustrates a breakdown of the 20 completed audits or review reports by type. We also included a synopsis of a few key reports/projects that could have a measurable impact on county operations if the recommendations contained in the reports are fully implemented. See Appendix B for a detailed listing of all completed 2018 audit/review reports.

■

Summary of Completed Audits or Review Reports





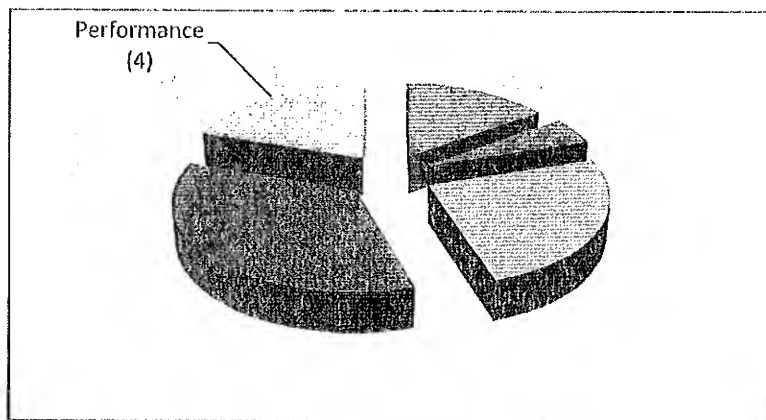
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Performance

Four (4) Performance audits were completed by the OAG during 2018, which represented approximately 20 percent of the total audits/projects. This type of engagement provides an objective analysis to assist management and those charged with governance and oversight. The information provided can help improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action and contribute to public accountability.



Two (2) significant performance engagements that had an impact on county operations are summarized below.

Wayne County Department of Information Technology, Telecommunications Services Unit

The Office of Legislative Auditor General conducted a performance audit of the Department of Information Technology Telecommunications Services Unit. Based on our review, we determined that the internal control environment over the process of ordering cellular telephones and other electronic devices was non-existent. This lack of controls contributed to the misappropriation of the cellular telephones and electronic devices including the lack of segregation of duties over the purchasing and/or ordering of cellular devices, receipt of the goods, and review of the cellular invoices. The same individual controlled all aspects of the transaction which allowed the misappropriation to take place and go undetected for so long. In addition, the county lacked a comprehensive inventory of all devices received by the county and did not perform periodic reconciliations, including additions and deletions from the listing, and physical verification of the devices. Based on inquiries and confirmations, we confirmed, at a minimum, 202 devices with a preliminary value of \$114,000 were purchased and received through the county's cellular phone contract with AT&T that were not in the possession of either the county or a county employee. Formal charges were filed by the Prosecuting



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Attorney's Office in connection with embezzlement and larceny of cellular telephones and electronic devices. A plea agreement was reached and in September the individual was sentenced.

In addition, we determined that management does not perform reviews the detailed billings to determine if the airtime overages are reasonable or to ensure that global packages added to phone plans are appropriately removed when no longer needed.

We also determined that Telecommunication Services unit may not be providing telecommunication services in the most cost-effective manner. Specifically, the county has some cellular telephone users that are either not using their telephones or using less than 10 percent of their plan minutes. In some of these instances the individuals are on 1,000 minute plans. In other instances, some individuals are well exceeding their 300 minutes that were included in their plan. Finally, the county could possibly save money if an analysis was performed to determine if it is more cost effective to have individuals that are in the BYOD program and have a county-provided cellular phone give up their county-provided telephone. If the employee is on the appropriate minute plan or whether the cell phone usage is even appropriate.

Wayne County Department of Health, Veterans and Community Wellness -- Community Development Block Grant Program

As part of our Annual Audit Plan the OAG conducted a performance audit of the Department of Health, Veterans and Community Wellness, Community Development Block Grant (CDBG) Program (The Program). The objectives for this engagement were to: 1) assess the administration and oversight of the CDBG Program, including monitoring sub-recipient activities and expenditures; and, 2) assess the sub-recipient and county reimbursement process for program expenditures. The Community Development Block Grant (CDBG) program is a program that provides communities with resources to address a wide range of unique community development needs. However, based on our review, we identified the following areas of internal control that need to be strengthened starting with the local communities oversight through an Appeals Board being a factor in unspent funds where we identified approximately \$2.7 million in unspent CDBG funds identified by HUD for PY 2015. The local communities were at risk to have these funds re-captured if they were not spent timely.

Also, the OAG identified that the existing allocation methodology that had not been updated in several years may not be addressing the three national objectives set forth by HUD for the program. Finally, the monitoring of the CDBG program through county management can be improved to assist the local communities in allocating and spending grant monies more efficiently and effectively.



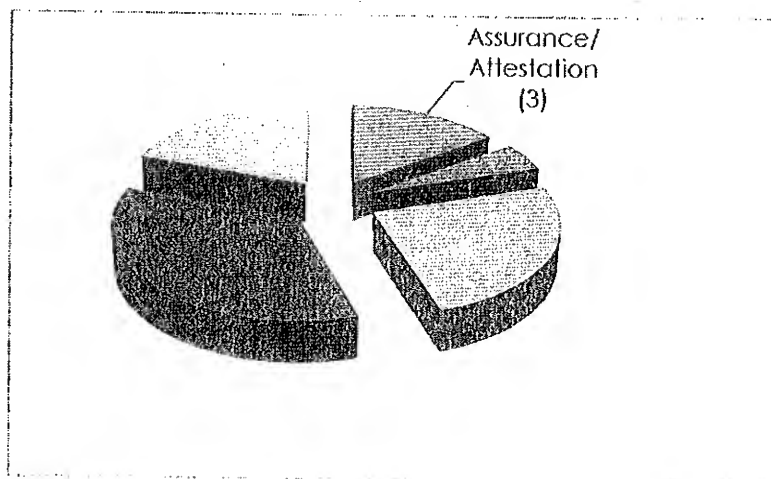
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Assurance/Attestation

During the year, 15 percent of our completed reports/projects were Assurance/Attestation engagements. These types of engagements may include Examinations, Agreed-Upon Procedures, and Compliance. These engagements involve an internal auditor's objective assessment of evidence to provide an independent opinion or conclusions regarding a process, system, or other subject matter. There are generally three parties involved in an assurance/attestation engagement: (1) the person or group directly involved with the process, system, or subject matter - the process owner; (2) the person or group making the assessment - the internal auditor; and, (3) the person or group using the assessment - the user.



Consulting

The OAG receives requests from the county commission, other elected officials, and department heads to review specific activities or programs not necessarily identified in our annual audit/work plan. Frequently, because of their intimate knowledge of county government operations and close contact with constituents, commissioners become aware of problems or areas of concern that are communicated to the OAG and request for reviews and/or assessments to be performed. As a result, we have developed a consulting review engagement to respond to these requests. Many of these engagements have resulted in confirmation of the existence of problems and formulation of solutions to address or improve county operations and services.

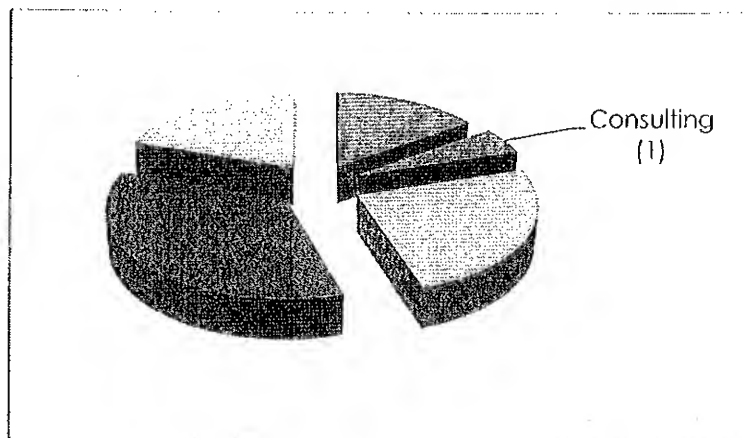
Our responsiveness to these requests enhances the commission's and other county officials' ability to carry out their oversight responsibilities and respond to constituent concerns thoroughly and completely. During the year, five percent of the completed reports/projects were consulting engagements.



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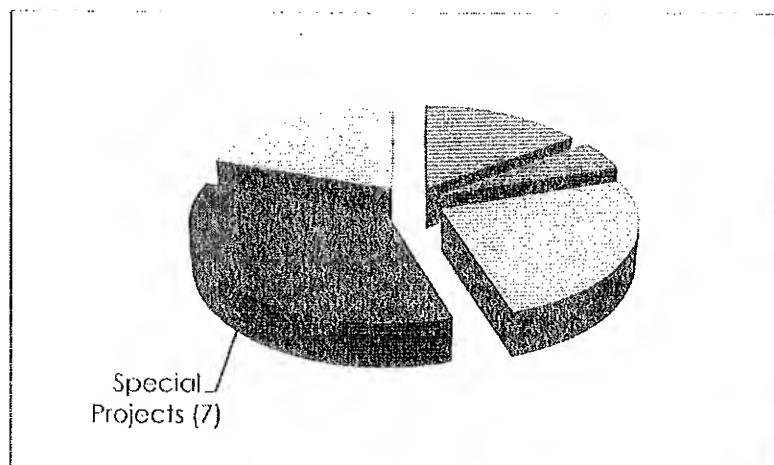
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Special Projects

Seven (7) Special Projects were completed by the OAG during 2018, which represented approximately 35 percent of the total reports/projects.

Special projects represent an array of work projects from development of our annual audit/work plan to our annual report. ■



APPENDIX A

LIST OF TRAINING SEMINARS AND CONFERENCES ATTENDED
2018

**WAYNE COUNTY OFFICE OF LEGISLATIVE AUDITOR GENERAL
LIST OF TRAINING SEMINARS AND CONFERENCES ATTENDED
2018**

SPONSORING ORGANIZATION	SEMINAR / CONFERENCE	DATE(S) ATTENDED
Thomson Reuters	Non-Profit & Governmental Accounting Report – Spring, Summer, Autumn, Winter 2018	Various
Audit Command Language	Death of the Tick Mark	2/28/2018
ACFE Southeast Michigan Chapter	24 th Annual Fraud Conference	4/26/2018
Rehmann	Practical Implementation of GASB 75	4/24/2018
Plante Moran	Annual Governmental Technical Training	6/11/2018
MICPA	Michigan Specific Ethics	9/26/2018
Ralph Grant Institute	CPE Conference	11/20/2018 -- 11/22/2018
Plante Moran	GASB 84: Implementing the New GASB Fiduciary Activities	11/27/2018

APPENDIX B
COMPLETED AUDIT AND REVIEW REPORTS
AND SPECIAL PROJECTS
2018

Proj. No.	Report/Activity Title	Report Date	Date to AC	DAP No.	Activity Type
1	Budget Sensitive /CAFR FY 2017 Review	7/25/2018	8/29/2018	2018-57-804	CC
2	WCERS Defined Benefit Plan FY 2017	3/14/2018	4/18/2018	2018-57-901 (A)	AA
3	WCERS Defined Contribution Plan FY 2017	3/14/2018	4/18/2018	2018-57-901 (B)	AA
4	2016 Stadium Excise Tax	8/1/2018	8/29/2018	2017-57-007	AA
5	Treasurer's Investment Reports FY 2017	2/7/2018	2/14/2018	2018-57-900	Non-Audit
6	Building Authority FY 2017 Financial Statements	6/1/2018	8/1/2018	2018-57-904	Non-Audit
7	Land Bank FY 2017 Financial Statements	5/17/2018	8/1/2018	2018-57-905	Non-Audit
8	GWEDC FY 2017 Financial Statements	6/4/2018	8/1/2018	2018-57-903	Non-Audit
9	Sewage Disposal System FY 2017 Financial Statements	7/23/2018	8/1/2018	2018-57-902	Non-Audit
10	Homeland Security	2/27/2018	3/14/2018	2017-57-008	PER
11	PA's Special Operations -- Asset Forfeiture Unit	4/13/2018	7/18/2018	2017-57-003	PER
12	Community Development Block Grant	8/28/2018	10/10/2018	2016-57-008	PER
13	DoIT Telecommunications Services	10/7/2016	11/28/2018	2015-57-014	PER
14	2017 Annual Report	1/5/2018	1/17/2018	2018-57-800	SP
15	Pre-Audit Communication	12/14/2017	1/17/2018	2018-57-801	SP
16	2018 Annual Audit Plan	2/21/2018	2/28/2018	2018-57-802	SP
17	Corporation Counsel -- Outside Legal Services-CAP	2/12/2018	2/28/2018	2015-57-012	SP
18	SAS #114 Letter From External Auditors	3/27/2018	4/24/2018	2017-57-806	SP
19	Jail Commissary-CAP	10/19/2018	10/24/2018	2017-57-013	SP
20	Countywide Mileage Reimbursement-CAP	12/6/2018	12/12/2018	2017-57-010	SP

CC -- Consulting

AA - Attestation

PER -- Performance

Non-Audit -- Financial Assessment (Limited Review/ Limited Analytical)

SP -- Special Project

APPENDIX C

STATEMENT OF ORGANIZATIONAL INDEPENDENCE

Office of Legislative
Auditor General

MARCELLA CORA CPA, CIA, CICA, CGMA
AUDITOR GENERAL



500 GRISWOLD STREET
STE. 842 GUARDIAN BLDG
DETROIT, MICHIGAN 48226
TELEPHONE: (313) 224-8354

Statement of Organizational Independence

IIA Standards – Attribute Standard

1110 – Organizational Independence

The chief audit executive must report to a level within the organization that allows the internal audit activity to fulfill its responsibilities. The chief audit executive must confirm to the board, at least annually, the organizational independence of the internal audit activity.

1110.01 – The internal audit activity must be free from interference in determining the scope of internal auditing, performing work, and communicating results.

GAS 3.02 – 3.59– Independence

3.02 - In all matters relating to the audit work, the audit organization and the individual auditor, whether government or public, must be independent.

Two attributes that assure the success and credibility of the Office of Legislative Auditor General (OAG) are independence and objectivity. This involves maintaining a mental attitude and perspective of independency in fact and appearance from the processes employed, the results, conclusions and reporting of engagements and projects performed under the scope of authority. These parameters are set forth in the Wayne County Charter Section 3.119 and Wayne County Code of Ordinances Chapter 65 and are applied to the OAG functions and auditors who are involved in the activities prescribed.

The Auditor General shall be appointed by a majority of the Commissioners serving. The Auditor General may be removed for cause by a 2/3 vote of the Commissioners serving. The Auditor General reports directly to the Chairs of the Audit Committee and the Wayne County Commission who has delegated the responsibility for independently managing the audit function. Therefore, the OAG is considered free from impairment to independence as stated in 3.28a and 3.29b of the Government Auditing Standards.

Office of Legislative Auditor General
Statement of Organizational Independence
Calendar Year 2019

Along with the structure as outlined above, the OAG assures this concept as it applies to the internal audit function on an annual basis and/or as required. These elements joined together must meet the requirement for Organizational Independence required under Standard 1110 of the International Standards for the Professional Practice of Internal Auditing as issued by the Institute of Internal Auditors.

NOTE: The most relevant Generally Accepted Government Auditing Standards (GAGAS) and Institute of Internal Auditors (IIA) Standards are listed at the bottom of this statement.

Identify audit areas that may be affected or where organizational independence may be impaired:

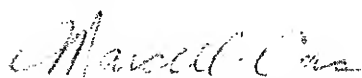
Wayne County Commission Audit (Completed once every two years)

POSSIBLE ORGANIZATIONAL IMPAIRMENTS TO THE OAG'S INDPENDENCE

I have reviewed the activities, functions, organizational structure, and reporting lines with respect to Wayne County and its departments, elected officials, component units, agencies, programs, and processes. I am not aware of any circumstances that might impair or lead others to question the OAG's ability to be independent, impartial, and objective on any audit/engagement, except as indicated above. Therefore, any potential impairment listed above are areas that the OAG does not engage.

RESPONSIBILITY TO UPDATE THIS DISCLOSURE

I understand that I am also responsible to make timely written notification in the event any other circumstance arises during the course of the year that might impair or appear to impair the OAG's independence with respect to an audit or activity this includes external impairments and required disclosure related to non-audit service as noted in 3.44 of GAGAS and 1130 of the IIA Standards.



Marcella Cora, Auditor General

1-11-19

Date

Wayne County Commission Leadership

Chairwoman

Vice Chair



Joseph Palamara



Alisha R. Bell

Vice Chair Pro Tempore



Jewel Ware

Committee on Audit Members

Responsibilities: Mandated by the Wayne County Charter, the committee reviews the reports of the Auditor General and the independent external auditor. It also monitors compliance with audit findings and the county's internal control environment.



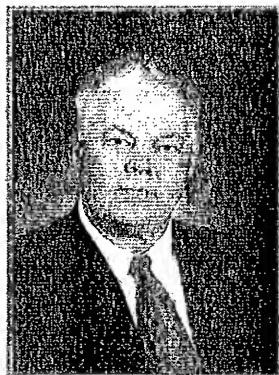
Ray Basham
Chairman



Melissa Daub
Vice Chair



Diane Webb



Tim Killen



Irma Clark Coleman